

# Office for National Statistics

## Annual Report and Accounts 2007/2008

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of the Government Resource and Accounts Act 2000

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This document is part of a series of Departmental Reports which, along with the Supplementary Budgetary Information 2008-09, present the Government's expenditure plans for 2008-09, and comparative outturn data for prior years.

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# Director's Message



“At a time of significant change within the organisation, ONS staff have continued to publish outputs, improve quality and deliver new initiatives”

**Karen Dunnell** | National Statistician

This year the Office for National Statistics (ONS) has been working towards implementation of the Statistics and Registration Service Act, easily the most important event in our 12 year history. This change will assist us in achieving one of our aims – that of building public trust in official statistics. I have been looking forward to the change and the challenges it will bring. The UK Statistics Authority has been appointed and became effective on 1 April. Alongside this, the appointments of two directors general will strengthen the management team and assist in leading the ONS into the future.

During the year we delivered all key statistical outputs, which is testament to the outstanding commitment shown by our staff. Migration statistics have been in the media spotlight during the year and steps have been taken to strengthen this area of our work. These and other developments will improve our understanding of life in the UK and address the needs of our customers.

This report reviews ONS' performance through 2007/08 and includes the financial accounts, audited by the Comptroller and Auditor General. As far as I am aware, there is no relevant audit information of which the ONS' auditors are unaware.

A handwritten signature in black ink that reads "Karen Dunnell". The signature is written in a cursive, flowing style.

**Karen Dunnell**

National Statistician and Registrar General for England and Wales

9 July 2008



# I. Director's Report – who we are

The Office for National Statistics (ONS) was established as an executive agency in 1996. As at 31 March 2008, ONS had 4,602 staff (3,782 full-time equivalents) working at the headquarters in Newport, South Wales and three other offices across the country. Of these, 1,249 (684 full-time equivalents) are interviewers who collect information for social surveys. The composition of ONS changed on 1 April 2008 as the General Register Office transferred to the Identity and Passport Service (IPS) and the National Health Service Central Register transferred to the Department of Health. These accounted for 836 of the staff.

Karen Dunnell is the Chief Executive Officer and Permanent Secretary of ONS. Karen also holds the additional titles of National Statistician (the Government's chief statistical adviser and professional head of the Government Statistical Service) and the Accounting Officer. The title of Registrar General for England and Wales was handed over to Karen's successor James Hall on 2 May 2008.

The National Statistician's role is to ensure the quality of National Statistics and maintain the standards set out in the National Statistics Code of Practice and supporting Protocols.

# Explaining our aims and objectives

## **Our Mission – Why ONS exists**

Trusted Statistics – Understanding the UK

Our mission is to improve understanding of life in the United Kingdom and enable informed decisions through trusted, relevant, and independent statistics and analysis.

## **Our Vision – What we will achieve by 2012**

At the heart of decision-making and opinion-forming, we will be a prestigious place to work, a world leader, innovative, geared for change and delivering more with less. Continuous improvements to our systems will allow for more analysis while maintaining the high quality of our statistics.

## **Our Values – Shape our behaviours**

We embody the Civil Service core values of integrity, honesty, objectivity and impartiality.

We also live by our own organisational values, which are central to delivering our vision in our own unique circumstances. We recognise and value:

- **Respect**  
We respect the background and lifestyles of every colleague, their skills, contributions and potential.
- **Commitment**  
We are committed to high-quality statistics and analysis, professional standards, keeping data confidential, open communication, personal responsibility for delivery, and the development of personal and organisational capabilities.
- **Flexibility**  
We view change as an opportunity and continually seek improvement. We have a broad corporate view and respond to the overall needs of our organisation.
- **Results**  
We focus on customers and suppliers and their changing needs, embedding quality into our products and processes, providing value for money and delivering our commitments.

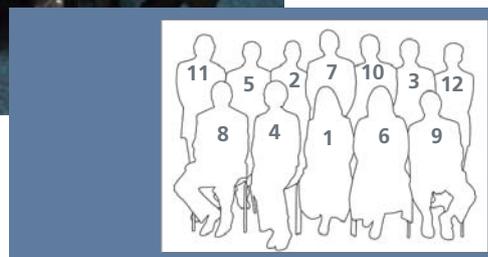
## How we link with other parts of government

National Statistics supports a wide range of decision making bodies from central government to the Bank of England. This in turn affects everyday people, whether cutting or raising interest rates, or deciding where to invest government grants for renewal and regeneration.

## ONS Board members (comprises EMG plus the Non-executive directors)

### Executive Management Group (EMG)

ONS is overseen by an EMG who are responsible for the achievement of our agreed targets and strategies.



- |                            |   |  |
|----------------------------|---|--|
| <b>1. Karen Dunnell</b>    | Director and Permanent Secretary of ONS<br>National Statistician<br>Registrar General for England and Wales |  |
| <b>2. Steve Newman</b>     | Chief Financial Officer   | Finance and Planning Directorate   |
| <b>3. Mike Hughes</b>      | Secretary to the Board  | National Statistics and Planning Group                                   |
| <b>4. Rolande Anderson</b> | Director General  | Transformation   |
| <b>5. Joe Grice</b>        | Executive Director  | Social and Public Services Analysis and Reporting Directorate            |
| <b>6. Jil Matheson</b>     | Director General  | Statistics Delivery  |
| <b>7. Stephen Penneck</b>  | Executive Director  | Surveys and Administrative Sources Directorate                           |
| <b>8. Colin Mowl</b>       | Executive Director  | Macroeconomic and Labour Market Directorate                              |
| <b>9. Dennis Roberts</b>   | Executive Director  | Registration and Corporate Services Directorate                          |
| <b>10. Glen Watson</b>     | Executive Director  | Census   |
| <b>11. Paul Woobey</b>     | Chief Information Officer   | Information Management Group   |
| <b>12. Caron Walker</b>    | Executive Director  | Statistical Modernisation Programme<br>[formally appointed 1 April 2008] |
| <b>13. Guy Goodwin</b>     | Executive Director  | Population, Health and Regional Analysis (not pictured)                  |

From 1 April 2008 the EMG will work with a board of the UK Statistics Authority.

The members of the ONS Board as agreed by the Board of the UK Statistics Authority are:

- Deputy Chair of the UK Statistics Authority with responsibility for ONS – Lord Rowe-Beddoe (Chair)
- other non-executive Members of the UK Statistics Authority (3) – Sir Alan Langlands, Partha Dasgupta, Professor Steve Nickell
- Chief Executive of the UK Statistics Authority and National Statistician – Karen Dunnell
- Directors General of the ONS (2) – Jil Matheson, Rolande Anderson; other executive officers of the ONS (2) – Steve Newman, Paul Woobey

### Non-executive directors

Prior to 1 April 2008 the ONS Board was part of ONS and consisted of EMG plus the following non-executive directors:

<b>Sir Robert Culpin</b>	Formerly Second Permanent Secretary (HM Treasury)
<b>Professor Janet Finch</b>	Vice Chancellor, Keele University
<b>Alex Jablonowski</b>	Formerly Divisional CEO of Barclays and CEO of a private and merchant bank

### Structure

The non-executive ONS Board advised ONS on how to deliver its objectives and targets. It ensured ONS listened to the requests from customers and adapted its focus to meet those needs. The Board met three times during 2007/08 to review and report on ONS' business and strategic plans, including previous spending review targets and corporate risks. Karen Dunnell, Director and Permanent Secretary of ONS, chaired the ONS Board throughout 2007/08.

The creation of a 'Statistics Authority' meant that the ONS Board ceased to exist on 31 March 2008. Sir Michael Scholar was appointed as The Chair of the UK Statistics Authority, which will carry out the non-executive functions of the ONS Board.

The EMG exists to align the day-to-day activities of the office with the strategic objectives, this group met 25 times during 2007/08. The EMG reviewed progress against targets such as headcount, relocation, efficiency and survey response rates through monthly corporate governance reports. Several committees, which have responsibility to advise on financial, people and statistical issues, supported the group. ONS reports annually to Parliament via the Main Supply Estimates and Annual Report. These are also available via our website: [www.statistics.gov.uk](http://www.statistics.gov.uk)

### People

During 2007/08 ONS employed on average 4,820 individuals, many of whom have differing patterns of working to enable a good work/life balance. 2007/08 has been a particularly challenging year delivering efficiencies, significant relocation targets and preparing for Independence.



## Staff development

ONS is an 'Investor in People' and staff development has remained a key focus during the year. In support of our Learning Strategy, corporate and business area development was planned to meet business objectives outlined in our corporate learning plan. Our skills strategy was submitted to the Cabinet Office and ONS committed to the Government Skills Pledge and a Union Learning Agreement.

## Relocation

ONS has remained committed to delivering its headcount efficiencies and to the Relocation programme. The Office has proactively encouraged and supported those staff who wish to relocate and during 2007/08 13 staff relocated to Newport and eight to Titchfield. In addition, many staff were successfully redeployed to new careers either within or outside the civil service.

ONS has continued to review and develop the policies that underpin redeployment activity while recognising the impact that redeployment has on staff. In London, staff have continued to access a job shop environment and a team of career transition advisors who have provided one to one career guidance. Financial support has also been provided to enable training and development interventions for those wishing to change direction in their careers.

## Recruitment

The success of the Relocation Programme is in part measured by the effectiveness of the recruitment in the Newport and Titchfield offices. This year, ONS has successfully recruited 85 specialists in the Research, Analysis and Statistical fields and implemented a wide ranging Attraction Strategy to ensure success. The activity has been significant and the introduction of an Assessment Centre approach aligned with the requirements of the Government Statistical Service (GSS), has ensured a timely response to business requirements while maintaining the standard and quality of candidates.

## Diversity

ONS is committed to being an equal opportunities employer and welcomes and values diversity. The Office actively promotes diversity initiatives to enhance people's working lives and offers a wide range of alternative working patterns. Support networks operate on all sites, actively led by Senior Civil Servant (SCS) site 'diversity' champions. The networks successfully raised awareness through varied initiatives and contributed to the development of a new Single Equality Scheme which incorporates the six diversity strands and meets our legal obligations: promoting equality of opportunity and eliminating any unlawful discrimination. Development in raising diversity awareness has been delivered through various media including tutor-led, e-learning and

theatre. Staff were offered the opportunity to participate in specific national schemes for under-represented groups.

“ Discovering new technology. Linda Morris and Marie Williams from Ammanford experience digital brinkmanship. ONS collects data on pensions and statistics on life expectancy and healthy ageing, not to mention internet access. ”

## ONS-wide diversity data

The following data has been taken from ONS Equality Monitoring datasets. The data excludes Field Force Staff.

<b>Ethnicity (31/03/08)</b>		
<b>White</b>		
British	2,781	82.9%
Irish	21	0.6%
Other	56	1.7%
Sub-total	2,858	85.2%
<b>Mixed</b>		
White and Black Caribbean	3	0.1%
White and Black African	3	0.1%
White and Asian	3	0.1%
Other	20	0.6%
Sub-total	29	0.9%
<b>Asian or Asian British</b>		
Indian	36	1.1%
Pakistani	7	0.2%
Bangladeshi	4	0.1%
Other	11	0.3%
Sub-total	58	1.7%
<b>Black or Black British</b>		
Caribbean	16	0.5%
African	15	0.4%
Other	13	0.4%
Sub-total	44	1.3%
<b>Chinese or other ethnic group</b>		
Chinese	12	0.4%
Other	32	1.0%
Sub-total	44	1.4%

NB. 320 employees have not declared their ethnicity.

<b>Disability status (31/03/08)</b>		
Declared disabled	150	4.5%
Declared non-disabled	2,888	86.1%

NB. 315 employees have not declared their disability status.

<b>Gender (31/03/08)</b>		
Female	1,998	59.6%
Male	1,355	40.4%

Age groups (31/03/08)		
20 and under	59	2%
21–30	592	18%
31–40	844	25%
41–50	997	30%
51–60	770	23%
61–64	87	2%
65 and over	4	0%

Senior Civil Service diversity (31/03/08)		
	ONS	Civil Service Target
Women	27%	37%
Women in top management	23%	30%
Disabled	0%	3.2%
Black Minority Ethnic	2%	4%

## Consultation

The two way briefing system, 'ONS Talk' which provides key ONS news and serves as a speaking note for managers to discuss topics with staff has continued. The introduction of the Senior Management open 'Question Time' sessions has enabled communication about major change which has further improved communication across the organisation. The ONS magazine 'ONS Life' has continued and staff are encouraged to access 'The Daily' intranet news service for corporate and local messages.

ONS consults formally and informally with the three recognised trade unions, Prospect, First Division Association (FDA) and Public and Commercial Services (PCS). As a result of ongoing business restructuring and in order to meet efficiency targets, ONS consulted with the trade unions on avoiding the need for compulsory redundancies. ONS has worked in partnership with them on solutions to avoid compulsory redundancies while enhancing redeployment activity for those whose jobs have been affected by the Lyons Review and efficiency measures.

## The impact of legislation

The new Statistics Board was set up in response to the Statistics and Registration Service Act 2007. The new body will be known as the UK Statistics Authority and answers directly to Parliament without Ministerial oversight. It also governs the operations of the ONS. It took up its powers in April 2008.

Work was undertaken to progress the smooth transition of ONS staff (employed in key activities that do not directly relate to the provision of statistical outputs) to other government departments from April 2008.

These transfers will occur under machinery of government arrangements and impact on staff at the General Register Office and the National Health Service Central Records Office at Southport. They transferred to the Identity and Passport Service (IPS) and the

Department of Health respectively. Staff in the Boundary Commission office in London will transfer to the Ministry of Justice Department later in 2008.

## Public Sector Flex

In September 2007, the EMG agreed to award a contract to deliver the transformation of the Information Technology services to Fujitsu Services Ltd. Work was completed for the transfer of over 50 staff from ONS to Fujitsu Services Ltd with effect from 28 March 2008 under the Transfer of Undertakings (Protection of Employment) Regulations.

## Property Services

Property Services Division (PSD) had a tremendously busy year. Property's wider activities included estates and building management, for example, Facilities Management contractor services including all cleaning, catering, security, engineering and helpdesk services. The division is also responsible for departmental health and safety and its environmental management and sustainability strategy. It again delivered success for the ONS in this arena, ranking fifth for 2007 among all Other Government Department's in the 2008 Sustainable Development Commission annual report. All site ISO 14001 environmental management accreditation has been retained for ticketing services, accommodation projects and departmental security. Other successes include:

- a facilities management re-tender project has resulted in a new contractor, Mitie Managed Services taking over from Interserve FM on 1 April 2008 to provide a facilities management service as described above
- the property projects team completed a significant number of internal refurbishments which helped improve the working environment, thus supporting the official strategy of moving operations and the corporate headquarters to Newport
- new accommodation was created at London and Newport for the Statistics Authority, which was ready for use from April 2008
- a new conference facility was created at Newport and there were significant refurbishments on the first floor of the main office block enabling reorganisation of various business units. A series of projects at Titchfield transformed the corporate and central corridor areas, brought back into use the Stage 1 building and prepared accommodation for the forthcoming increase of Census staff

## Health and Safety

ONS' Health and Safety team monitored the effectiveness of its health and safety management systems during 2007/08, this included:

- the completion of a Health and Safety Audit across all sites to determine the effectiveness of ONS' health and safety systems and procedures in achieving the required performance standards

- conducting a Departmental Health and Safety meeting with the departmental trades unions in order to discuss strategic issues. ONS recognises the valuable role that the trade unions play in promoting high standards of health and safety and continues to hold local Health and Safety Committee meetings on a quarterly basis at each site
- the reactive monitoring of accident statistics to see whether it is possible to improve the control of particular health and safety risks. No discernible trends have emerged and accidents for office base staff decreased from last year by 28 per cent from 127 to 91
- the systematic inspection of the Facilities Contractor's service stream risk assessments to ensure the continued operation of workplace precautions and compliance with safe working procedures
- the monitoring of action plans resulting from fire risk assessments completed across all sites which ensures that fire safety requirements and principles are being met and that fire safety facilities and equipment are well maintained
- developing individual Personal Emergency Evacuation Plans (PEEPs) for staff with disabilities and staff with specific requirements, significantly reducing the risk to these staff in the event of an incident
- determining appropriate numbers of first aiders and fire wardens required for each site, identifying and providing relevant training to ensure these staff have the competencies to deal with the duties and risks associated with their role
- holding seminars at each site to advise staff on how to avoid musculoskeletal disorders and how to improve their posture when working. These were very successful with considerable numbers attending and positive feedback received

The ONS' Health and Safety Policy, which provides a framework to enable staff to carry out their responsibilities, will be reviewed in 2008/09 to take account of the changes in responsibilities resulting from awarding the second generation facilities management contract. The Policy will be published on the newly designed Health and Safety page on the ONS Intranet. This page will also keep staff informed of all important health and safety developments and procedures that could affect them at work and form part of the developing health and safety communications strategy. This strategy will be an integral aspect of a training programme to be developed by the Health and Safety team in conjunction with relevant stakeholders.

## Progress towards sustainable development

The Office appreciates the importance of statistics in relation to the government's sustainable development goals, principles and priorities. ONS also recognises that it has a role to play by demonstrating that sustainable operational change can be achieved within its own organisation.



In 2007/08 ONS maintained its position among the top performing departments in the annual assessment by the Sustainable Development Commission (SDC). It met 81 per cent of the Framework

for Sustainable Development targets. Following rigorous audits by the British Standards Institute, ONS retained ISO 14001 accreditation at all sites. Waste recycling at ONS has again increased and at 71 per cent of total waste, far exceeds the 2010 target and is just half a per cent short of the 2020 target. Water use was 8 per cent lower than base year. Since last year the Office has increased the proportion of electricity obtained from renewable sources from 15 to over 24 per cent, exceeding the 2008 target.

ONS is committed to supporting the sustainable development agenda and to making it a key part of all it does. In the battle against climate change, it has resolved to:

- maintain all Environment Management Systems to ISO 14001 standards
- achieve continual improvement in environmental performance
- consider the environmental impact of operations, prevent pollution and reduce carbon emissions
- meet all the targets set out in the Government's Framework for Sustainable Operations on the Government Estate

“ Workers at the £500m Cabot's Circus site, Bristol which has employed a total of 53 different nationalities. ONS publishes construction statistics as well as developing advanced data on short term migrant workers. ”



ONS will continue to reduce environmental impact through:

- reducing electricity and gas consumption
- procuring energy from renewable sources
- reducing water consumption
- ensuring that all waste streams comply with duty of care regulations
- reducing waste and reusing or recycling all waste
- incorporating environmental issues into purchasing and contract management strategies and reducing travel

### **Freedom of Information**

In the three years since the Freedom of Information Act was fully implemented the ONS has striven to maintain two key principles:

- statistical information and the decisions and methods relating to our outputs should be freely available to all
- individual records which are used to compile this information are only released in a manner which secures personal confidentiality

During 2007/08 ONS received a total of 151 formal requests for information as defined by the Act and official guidance.

In the 133 cases where we identified that we held the information that had been requested, the information was released in 71 cases.

There were 60 occasions when we considered that withholding some or all of the information was the proper course of action and exemptions in the Act were used. In one case we believed that assembling and supplying the information would have exceeded the cost limits allowed under the Act and in one case the request was deemed vexatious.

During 2007 the ONS rejected all requests to release personal Census Data from the 1921 Census. Applicants have challenged these decisions and three cases are now at appeal with the Information Commissioner. In late 2007 the Information Commissioner issued a Decision Notice which upheld the decision of ONS not to release this information. The applicant has since taken the case to the Information Tribunal. ONS and the Information Commissioner are jointly defending the case, and we are confident that the Information Commissioner's early ruling will be upheld.

ONS has been an active member of the Information Commissioner's working group on Publication Schemes, and will be launching a new Scheme following the Information Commissioner's guidance in 2008.

## Research Data Access Strategy

The new statistics legislation has provided an opportunity to review the existing arrangements for access to data by researchers, and the shape those arrangements may take under the new legal framework.

In 2006, the ONS Statistical Policy Committee (SPC) commissioned the development of strategy options and preferences for the research data access services to be provided by the UK Statistics Authority under the new legal framework. The outcome will be a Research Data Access Strategy (RDAS).

The RDAS will cover all aspects of data access policy including risk management, the criteria for the new 'approved researcher' route to access data and a communication strategy. The methods of access available to researchers in their different circumstances (such as the UK Data Archive, the Virtual Micro-data Laboratory and initiatives such as the Economic and Social Research Council's 'Secure Data Service') will be set out. The overarching aim of the Strategy is to maximise the use of ONS micro-data whilst ensuring confidentiality is guaranteed.

Since the Statistics and Registration Service Act achieved Royal Assent in July 2007, ONS have been working to ensure a smooth transition to the new access arrangements which are stipulated in that Act. The Act creates a new legal gateway for research, the 'Approved Researcher'. ONS have informed the current users of the information of this change, and an application process has been implemented so that current users can continue to access the information.

## Information law and sharing data

The passage of the Statistics and Registration Service Act 2007 (the Act) and the acceptance of its data sharing clauses mark the beginning of a new era for statistical and analytical work. While designed primarily to support the activities of the UK Statistics Authority the new data sharing powers should act as a catalyst, changing attitudes across the Government and the Government Statistical Service (GSS) about the benefits to be gained from making better use of information held by individual departments or other public agencies. The information powers in the Act will enable the sharing of information subject to specific safeguards including bilateral ministerial agreement, meeting a public interest test and the approval of Parliament.

Currently ONS has three main data sharing priorities:

- There is an urgent need to improve information on migration and population. The report of the Inter-departmental Task Force on International Migration Statistics, published in December 2006, underlined the importance of making use of data from administrative sources. As no single source will be capable of meeting requirements, information from a number of administrative systems, including those managed by the Department for Work and Pensions, HM Revenue & Customs, the Department for Children, Schools and Families and the Home Office, will be needed
- Access to data held by HM Revenue & Customs would open the way to reduce the burden on small businesses and will be essential if ONS is to meet its efficiency targets of reducing administrative burden costs by 19 per cent by 2010 (and a further 6 per cent by 2015)
- Information from administrative sources will be needed if ONS is to respond to the proposals put forward by Christopher Allsopp in his 'Review of Statistics for Economic Policymaking'

During 2007/08 ONS prepared the ground to make effective use of the data sharing powers in the Act. Discussions began with a number of government departments, most notably the Department for Work and Pensions, the Department for Children, Schools and Families and HM Revenue & Customs. At the same time members of ONS provided the Secretariat for a GSS Data Sharing Subgroup. This Subgroup was tasked to produce a framework for data sharing for statistical and analytical purposes. This framework will provide the basis for drawing up an agreed programme of work and the standards for carrying this out. In view of provisions set out in the Act, special attention will be given to safeguarding confidentiality and to demonstrating how each application to share data is in the public interest.

## The European Union and international activity

ONS plays an active role in the development of statistics internationally. Its involvement in the adoption of international standards helps safeguard public confidence in the integrity of official statistics. ONS assisted in determining international standards for data collection, provided comparable and timely data to international organisations and ensured statistics are disseminated in an efficient and user-friendly manner. All of these being relevant to the leading part ONS continues to play in the development of the European and global statistical systems.

In June 2007, ONS contributed to the United Nations Conference of European Statisticians by presenting a paper and chairing a session on the measurement of social capital – beyond the traditional methods. Measurement of social capital is helpful in some policy contexts such as neighbourhood renewal, playing a part in creating communities. It also builds foundations for the understanding of well-being in societies.

In September 2007, ONS underwent a peer review process to see how well it complied with the European Statistics Code of Practice. The report of the review team was published in January 2008, concluding that ONS is fully compliant with 25 of the 35 indicators being assessed against and is largely compliant with the other ten. An implementation plan is included in the review team's report setting out improvement action for each of those indicators only largely compliant where it is practicable to do so.

In February 2008, ONS presented a Programme Review paper on Employment Statistics to the United Nations Statistical Commission. The review focused on the field of international labour statistics and looked at ways in which specific improvements could be made in the future. It focused on three main areas of labour statistics – successes and gaps in the work of international agencies involved in labour statistics, an international survey of UN member states and the uses of a labour statistics framework for countries at different stages of statistical development.

ONS continues to represent the UK at the EU Council Working Party on Statistics. In 2007/08, agreement was reached on a number of new EU regulations including the creation of a European Statistical Governance Advisory Board (ESGAB) and a European Statistical Advisory Committee (ESAC).

With resources for statistics limited in most other member states, as well as in the UK, demands for new statistics can only be met by finding efficiencies elsewhere. ONS has been instrumental in ensuring this approach remains on the EU agenda by promoting the reduction of direct costs, as well as reducing the compliance burden (especially on businesses) of statistical surveys.

**Karen Dunnell**

Director and Permanent Secretary of ONS.  
National Statistician

9 July 2008

“ From the humble bicycle to the exclusive sports car. ONS compiles statistics on wealth, assets, debt and income gap, as well as monthly motor vehicle production figures. ”





# II: Management Commentary

## **Management Commentary overview**

The ONS exists to provide government, many other organisations and the general public with relevant and timely statistics that allow informed decisions to be made. Statistical evidence is also used to judge performance against those decisions.

During 2007/08 ONS also provided a direct service to the public from our General Register Office for England and Wales (GRO) in the form of birth, marriage and death certificates. The responsibility for this service transferred to the IPS on 1 April 2008.

## Legislation

The Statistics and Registration Service Act (2007) created an independent Statistics Board, a non-ministerial department accountable to Parliament. Sir Michael Scholar was appointed Chair in August 2007 and the other non-executive Directors of the Board were appointed in January 2008. The members of the Board adopted the name UK Statistics Authority for the new body and formally assumed their powers on 1 April 2008.

During 2007/08 ONS completed a substantial body of work needed to prepare for Independence, under the auspices of a dedicated Independence Programme. This has comprised:

- co-ordination of the development for proposals on professional matters for consideration by the National Statistician, Karen Dunnell, and the chair, Sir Michael Scholar
- co-ordination of input from across the GSS and from other stakeholders on delivering the professional aspect of Independence
- overseeing of the implementation of the chosen options across the GSS and ensuring a smooth transition to the new arrangements
- managing the risks, inter-dependencies and resources involved in the transition to independence in a controlled and structured programme environment
- arranging the formal launch of the UK Statistics Authority and providing it with assistance as required to establish and deliver its objective

## 2007/08 Review – Summary of financial performance key points

The Statement of Parliamentary Supply: Summary of Resources Outturn 2007/08, contained in the Resource Account, shows that our net resource outturn for the year was £172.088 million against an estimate of £175.176 million.

Reconciliation of resource expenditure between estimates, accounts and budgets

	£m 2007/08	£m 2006/07
Net Resource Outturn (Estimates)	175.176	196.125
Under spend	3.088	0.623
Net Operating Cost (Accounts)	172.088	195.502
Resource Budget Outturn (Budget)	175.024	190.639
of which Departmental Expenditure Limit (DEL)	175.176	196.125

The underspend of £3.088 million is largely attributable to an underspend in information management expenditure, revision of provisions and a conscious decision not to fully commit the available budget.

Net Operating costs shown in the Operating Cost Statement at £172.088m are lower than 2006/07 mainly due to the creation of provisions in 2006/07 offset by increases

in depreciation. The difference between the outturn shown for 2006/07 and the Net Operating Costs in the previous page is due a re-statement to include prior year costs for a transfer of function detailed in note 2.

Income, analysed at note 10, at £46.924 million was slightly lower than last year (£48.703 million) mainly because sales of registration certificates fell.

The value of fixed assets within the Balance Sheet remained constant, with values increasing through expenditure and transfer from assets under construction for buildings and in house developed software offset by the write out of Drummond Gate. A detailed analysis can be found at note 11.

We have again increased the amount of provisions. This was mainly to provide for the cost of an onerous contract for the occupancy at Drummond Gate, where following a decision to move from that building we anticipate a period of up to one year until a new tenant can be found. A detailed breakdown can be found at note 16.

Note 7 shows that average Full Time Equivalent (FTE) staff numbers decreased from 4,173 to 4,040 as part of our efficiency programme.

Note 7 also details payments made with regard to pension liabilities. Employees of ONS are civil servants to whom the conditions of the Superannuation Acts of 1965 and 1972 and subsequent amendments apply. For the year ended 31 March 2008, contributions were paid to the Paymaster General at rates of 17.1 per cent to 25.5 per cent (according to salary band) of salaries determined by the Government Actuary as advised by HM Treasury.

ONS has a creditor payment policy and aims to pay all invoices within 30 days of receipt of goods, or presentation of a valid invoice, whichever is later. During 2007/08 95 per cent of all valid invoices were paid within 30 days.

All executive, non-executive and divisional directors were requested to sign related party transaction declarations, the outcome of which is at note 27.

The Comptroller and Auditor General examines ONS' Resource Accounts under the Government Resources and Accounting Act 2000 and reports his findings to the House of Commons. There was no other statutory work undertaken during the year. The cost of these statutory audit services for the year ended 31 March 2008 can be found at note 17.

Details of ONS' use of derivatives and other financial instruments as required by Financial Reporting Standard 13 can be found at note 24.

This is the last year of ONS in its present form as in 2008/09 it becomes part of the UK Statistics Authority. As part of these changes the General Register Office and the National Health Service Central Register transferred on 1 April 2008 to the Identity and Passport Service at the Home Office and to the National Health Service respectively. Note 28 shows the operating cost statement and balance sheet reflecting these changes.

## Targets from the Spending Review 2004 (as at March 2008)

<b>To leverage the benefits of investment in statistical modernisation and organisation transformation, as reflected by</b>	
<ul style="list-style-type: none"> <li>the value of outputs per £ of cost increasing 20 per cent by March 2008, compared with 2003/04</li> </ul> <p>EMG Owner: Stephen Penneck</p>	<p>ONS met this target.</p> <p>Using the methodology developed in 2006 to measure statistical value ONS has reported improvements of £6.8m in 2004/05, £7.8m in 2005/06, £4.2m in 2006/07 and realised £3.6m in 2007/08. Using the methodology, the 2003/04 benchmark is £108m and the increase in value (uninflated) at the end of 2007/08 was 21 per cent.</p>
<ul style="list-style-type: none"> <li>the proportion of transactions with business completed electronically reaching 25 per cent by March 2008</li> </ul> <p>EMG Owner: Stephen Penneck</p>	<p>ONS met this target.</p> <p>ONS achieved 29 per cent electronic transactions by March 2008.</p>
<b>To modernise Civil Registration</b>	
<ul style="list-style-type: none"> <li>subject to parliamentary approval we will implement a fully web-enabled registration system, with approved government bodies having electronic access to: <ul style="list-style-type: none"> <li>- new registrations, by September 2005</li> <li>- post 1935 birth records, by June 2007</li> <li>- post 1980 death records, by March 2008</li> </ul> </li> </ul> <p>EMG Owner: Dennis Roberts</p>	<p>This target was partially met.</p> <p>The new technology systems introduced by the Civil Registration Review Programme are not yet fully operational. The digitisation of some 260 million pre-2006 records was over half-completed by 31 March 2008 and the internet-based system for capturing new registrations was being used for births and deaths in nearly two thirds of local authorities in England and Wales. However, provision of registration data is possible through legacy systems and the General Register Office (part of ONS until 31 March 2008) provides electronic registration data to a number of government bodies which have the necessary legislative gateways for receiving it, while further requirements are under discussion with other departments.</p>
<b>To implement the recommendations from the Allsopp Review of Statistics for Economic Policy Making</b>	
<ul style="list-style-type: none"> <li>we will begin launching new surveys during 2006 in accordance with a plan for full delivery by 2009</li> </ul> <p>EMG Owner: Colin Mowl</p>	<p>On target.</p> <p>ONS was not in a position to launch new surveys in 2006 but remains on target to deliver production-based regional Gross Value Added estimates in current and constant price terms. ONS is using a cross-government technical group to advise on this development and it is expected that the series will be published on an experimental basis at the end of 2009 and incrementally improved when additional data become available. ONS undertook a large scale pilot of the Business Register &amp; Employment Survey (BRES) in 2008, with the full survey still planned for 2009. The development of the Neighbourhood Statistics Service (NeSS) with more employment and local business data has further increased the information base. The IDBR, ONS' business register, has been enhanced to develop the essential infrastructure needed for surveys. Business Data Linking has been developed as a tool to aid analysis of existing data sources. In addition, as noted in last year's report ONS successfully launched a statistical presence in each of the English regions in 2007, delivering another 2004 Spending Review target. 2007/08 was the first year of operation of this presence, working in partnership with RDAs and feedback from an evaluation of these posts is very positive.</p>

To improve the quality and reliability of statistics relating to population, pensions, government output, and wealth and assets	
<ul style="list-style-type: none"> <li>we will complete population studies on at least five local councils and publish the findings by March 2008</li> </ul> <p>EMG Owner: Jil Matheson</p>	<p>ONS met this target.</p> <p>The population studies are designed to investigate whether there is an appreciable risk of under- or over-estimating the population in the annual mid-year estimates. Using an objective and evidence-based method, ONS selected four local authorities for initial study. ONS completed the studies and published the results between February and June 2007. The studies were discussed with local authorities through a series of workshops ending in May 2007. A final report on all the work was published in February 2008. ONS' current assessment is that it is unlikely that the benefits obtained from conducting further studies over this timescale would provide good value for money.</p>
<ul style="list-style-type: none"> <li>we will develop and complete the fieldwork required for a mid-decade population benchmark, with results to be published by the end of 2008</li> </ul> <p>EMG Owner: Jil Matheson</p>	<p>ONS is on track to meet the target, albeit not as originally envisaged.</p> <p>ONS will not be mounting a large and costly fieldwork-based benchmark but will do work to ensure the desired outcome is achieved as effectively as possible. In 2007 ONS made improvements to the methods for distribution of the national population estimates to local areas. These principally concerned how long term international migrant numbers are distributed locally. Population estimates, based on the revised methods were released in August (both revised estimates for the years 2002–05 and new figures for 2006) and subnational population projections, which are based on the 2004 estimates, were revised in September. ONS also issued first national estimates of short-term migrants (due to be updated end May 2008), together with a London/non-London split, following publication of a feasibility report of methods. These are experimental estimates and further work is underway to estimate local distributions.</p> <p>Work is continuing on improving the methods and data sources used in population estimates and ONS aims to develop further improvements that could be implemented in population estimates in the next two to three years.</p>
<ul style="list-style-type: none"> <li>we will implement the response to the Atkinson report on measuring Government output</li> </ul> <p>EMG Owner: Joe Grice</p>	<p>ONS is on track to meet this target.</p> <p>In order to develop and take forward the challenges set out by the Atkinson Review, the UK Centre for the Measurement of Government Activity (UKCeMGA) was created within ONS in July 2005. UKCeMGA's remit is to analyse and publish information about public service output and productivity, including providing figures for the National Accounts. UKCeMGA has published productivity articles on health care, adult social care, education and social security administration. Work is also in hand on children's social care, criminal justice and defence. Articles on methods have been published, including a strategy on measuring quality as part of public service output, published in July 2007 after consultation. An article in <i>Economic &amp; Labour Market Review</i> (ELMR) in February 2008 summarised improvements to date in the National Accounts.</p>
<ul style="list-style-type: none"> <li>we will develop and complete the fieldwork required for a comprehensive Wealth and Assets Survey, with results to be published in 2007</li> </ul> <p>EMG Owner: Stephen Penneck</p>	<p>ONS met this target.</p> <p>The Wealth &amp; Assets main stage wave 1 survey went live in July 2006. Results were released in December 2007 to topic experts in the government departments involved in the survey with ONS. This gave the experts the opportunity to quality assure the tables to ensure the accuracy of these first 'experimental statistics'. Their feedback improved the report, which was published on 24 January 2008 (wave 1 covers 2 years). Further development work is planned on the longitudinal survey design and ONS piloted wave 2 of the survey in November 2007.</p>

**To respond to the challenge of Sir Peter Gershon's Efficiency Review**

- we will deliver efficiencies, rising to £25m per year by 2007/08 and reduce staff numbers

Efficiency Savings (Target £25m)

ONS met the efficiency saving target.

The March 2008 efficiencies figures for the programme show that ONS:

- exceeded the cash target by £3.7m (target £12.5m)
- exceeded the non-cash target by £4.7m (target £12.5m)
- met the procurement target of £2.5m (target £2.5m)

Workstream			
	2005/06	2006/07	2007/08
<b>ONS cash-releasing efficiencies</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Statistical modernisation	3.02	6.30	8.92
Civil registration	0.00	0.00	0.00
Procurement	1.88	4.27	2.51
Corporate services	1.71	3.92	4.73
<b>Total cash-releasing savings</b>	<b>6.61</b>	<b>14.49</b>	<b>16.16</b>
<b>ONS non cash-releasing efficiencies</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Statistical modernisation	8.21	12.48	16.10
Civil Registration	0.00	1.12	1.12
Procurement	0.50	0.03	0.00
Corporate services	0.00	0.00	0.00
<b>Total non cash-releasing savings</b>	<b>8.71</b>	<b>13.63</b>	<b>17.22</b>
<b>Total efficiency savings</b>	<b>15.32</b>	<b>28.12</b>	<b>33.38</b>
<b>Total Efficiencies</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Statistical modernisation	11.23	18.78	25.02
Civil Registration	0.00	1.12	1.12
Procurement	2.38	4.30	2.51
Corporate services	1.71	3.92	4.73
<b>Total Efficiencies</b>	<b>15.32</b>	<b>28.12</b>	<b>33.38</b>

Notes:

All efficiencies, apart from Procurement, are cumulative across the years. 2005/06 and 2006/07 returns deflated to 2007/08 prices

Workforce reduction (Target 700 FTE)

At 31 March 2008 ONS achieved a reduction in the workforce of 570 FTE. This was 130 short of the 700 target. The main contributing factor for under-achieving on the target was the delay of a project led by an external provider. This meant that planned efficiencies were not met on time. However, it is expected that as the project progresses the planned efficiencies will be achieved.

EMG Owner: Steve Newman (Efficiency Savings)/Dennis Roberts (Workforce Reduction)

**To respond to the challenge of Sir Michael Lyons's Relocation Review**

- we will relocate 850 jobs from London and the South East by March 2010

EMG Owner: Dennis Roberts

By end March 2008 ONS had relocated 422 FTE posts out of London and the South East. 378 FTE posts moved from London to Newport and 44 from Titchfield to Newport. Planning to reduce the number of posts in London to less than 100 is nearing completion.

## Summary of achievements

### Census 2011

The major event during 2007/08 was the 13 May 2007 Census Test of 100,000 households in five local authorities in England and Wales. This had three main objectives, to test the impact on response rates of an income question, to test the impact on response rates of posting-out of census questionnaires (as opposed to hand-delivery), and the effectiveness of contracting a recruitment agency to recruit, train and pay the Test field force. All main objectives were met, and the decision has been made to largely post-out census questionnaires, and to contract out recruitment, training and pay in England and Wales. Planning and preparations are now well underway for the Census Rehearsal in 2009.

Major progress was made on developing the census questionnaire, with question development, question testing, and further user consultation. Final whole questionnaire testing will commence early in 2008/09. Further consultation was completed on census geography, and an online consultation started on census outputs. In addition census met with established User Groups representing: local authorities, businesses, academics, government departments, health services, and Welsh users of census data, as well as representatives of faith, ethnic minority, and other community groups. Engagement with Parliament included census related Parliamentary Questions and a start to meetings with All-Party Parliamentary Groups.

Census procurement of Printing and Data Capture/Coding services was largely complete during the year and the preparatory stages of a range of further procurements started covering: Publicity and communications, postal services, recruitment, training, pay and distribution.

### Neighbourhood Statistics Service

The Neighbourhood Statistics Service (NeSS) makes data for small areas freely available through the internet. It brings together in one place data and metadata from across Government on a range of topics, making analysis available at neighbourhood level. NeSS mapping, charting and visualisation tools help users undertake more complex analysis.

NeSS provides key customers with statistics for small geographic areas to inform policy and decision making to support the Government's Neighbourhood Renewal agenda. Key customers are local authorities, regeneration professionals, academia and researchers. Other users of NeSS are schools, as well as the media. NeSS also enables citizens to see statistics that show how government policies are affecting the areas in which they live.

During the recent consultation exercise on the future statistical work programme a significant number of responses cited the importance of sub national statistics.

NeSS is under constant development and enhancement and strives to be flexible to the needs of its users. NeSS website visits have remained constant at around 100,000 per month throughout the year. Between April 2007 and January 2008, over 200 datasets were added to the website.



During 2007/08 the cost of acquiring data for NeSS was reduced. In partnership with the Department for Communities and Local Government work has started on developments that will allow local authority users to download NeSS data directly into their local information systems. This will enable them to undertake far more comprehensive analysis based on a wider number of sources and provide a significant boost to the evidence base for local policies. NeSS also improved online training allowing users to make better use of the existing NeSS functionality, thereby helping to improve the value of these datasets to users, whilst also reducing costs.

## National Accounts classifications

The classification of organisations to institutional sectors and economic transactions between these sectors play an integral part in the production of the UK National Accounts. Most classification decisions are routine although some have wider significance and are of public interest, primarily when they have implications for the fiscal aggregates. Such decisions are taken by the National Accounts Classification Committee following a transparent and well established procedure. The procedure is detailed in the redrafted and expanded Protocol on Statistical Integration and Classification published in February 2008.

During the year ONS announced six major National Accounts classification decisions. These decisions related to: exceptional local government payments, Great North Eastern Railway Ltd, London Underground PPP infrastructure companies (Metronet and Tube Lines), Northern Rock plc and Government guarantees in relation to Northern Rock plc, and UK National Accounts case law on quasi-corporations. Further information on these decisions can be found on the ONS website at [www.statistics.gov.uk/nacc](http://www.statistics.gov.uk/nacc)

## Relocation

Following the Lyons review published in March 2004, ONS was set challenging targets to relocate work out of London and the South-East while delivering the same quality of service before, during and after the move.

“ At work, hair salon owner, Claire Frederick, with weekly regular, Pat Kent. ONS publishes a range of labour market, employment and economy statistics including average weekly earnings. ”

Significant progress has been made over the past four years. By the end of March 2008 ONS had relocated 422 FTE posts out of London and the South East. Support has been given to 70 staff who agreed to move to the new location and approximately 15 per cent of relocating posts are expected to be filled by existing staff in this way. In order to give staff as much opportunity and information as possible, familiarisation tours have taken place, with other personalised tours arranged as required.

Newport is increasingly becoming the centre for the collection and analysis of key economic statistics. During 2007/08 Consumer and Retail Price Indices, Labour Market Statistics and a range of social and regional statistics previously based in London moved and are now produced from the Newport office. This is in addition to the large cadre of experienced statisticians already in Newport, producing high-quality outputs on, for example, retail sales, producer prices, earnings, production and the first estimate of Gross Domestic Product. Bringing statistical collection and analysis together in Newport is broadening and deepening career opportunities.

As a result of the relocation and efficiency programmes London based posts have reduced from nearly 1,000 in April 2004 to below 350. The first moves out of Drummond Gate to Myddelton Street went well and the Office is on course to completely vacate the Drummond Gate building by the end of July. Over the next two years a further 200 posts will move to Newport, with a small number moving to Titchfield. London staff numbers will be reduced to between 50 and 100.

Managing the relocation has, and will, continue to take full account of business needs with a strong focus on risk management. Moves have been scheduled to allow the most time to relocate areas that contain more specialist expertise. As a result, National Accounts staff are likely to form the majority of London-based staff in 2010. A comprehensive package has been put in place to support those who decide to move and to help those who are unable to relocate to consider their future career options.

## Migration Task Force

Good quality data about population and migration help to ensure that government policies and public services reflect the needs of the UK population and resources are effectively targeted.

Migration statistics continued to be the focus of considerable interest throughout 2007/08 and the media highlighted several stories on the impact of increased migration on the UK, from the economic effects and the take-up of new jobs among new arrivals to the UK, through to the consequences on the birth rate of inward migration. This interest culminated in Treasury Select Committee and House of Lords Select Committee Hearings, where ONS was able to explain the complexities around collecting these data using existing sources and to explain the plans for improvement.

During 2007/08 the Migration Task Force was able to make some progress towards improving the population and migration estimates. This work included:

- boosting the numbers of out-migrants identified on the International Passenger Survey to be similar to that already achieved for in-migrants, which will lead to an improvement in the quality of out-migration estimates
- producing a short term migration feasibility report and consulting on this early in 2007, followed by experimental estimates of the number of short-term migrants to England and Wales, together with a London/non-London split
- creating new methods for an improved distribution of international migrants implemented in the mid-2006 population estimates (plus revisions to 2002–05 estimates). This was a significant and carefully implemented change, given the implications for local authorities
- an interim report on the Port Survey Review in which ONS announced further changes to improve the quality of migration statistics
- four local authority case study reports issued between February and June 2007, based on collaborative working between ONS and local authorities and three follow-up workshops held
- preparation of a report comparing key administrative sources for use in estimating population and migration

During the year, ONS began a joint programme of work to implement the recommendations of the Interdepartmental Review of Migration Statistics conducted by a cross-departmental task force. The task force had identified a way to improve population statistics by exploiting the data sources that currently exist across government and which cover international migrants – for example, the International Passenger Survey and National Insurance Numbers issued to foreign-born citizens. It also stressed the improvements that could be made through the e-Borders programme and improved access and exploitation of new and alternative data sources.

This programme of further work will be jointly funded, with ONS providing the largest share and will involve the cooperation of several other government departments including the Home Office, the Department for Communities and Local Government and Department for Work and Pensions (DWP). Governance and funding arrangements have been developed that will carry this work through to 2011/12. Together, these measures will ensure further incremental improvements in the quality of the available data and help ensure that the gap between the population estimates for 2011, based on the 2001 Census data rolled forward and the 2011 Census outcomes themselves is kept to a minimum.

## **Occupational Pension Funds**

The 2006 Occupational Pension Scheme Survey (OPSS) was the first such survey to be run by ONS since responsibility was transferred from the Government Actuary's Department (GAD) following a recommendation from the Morris Review. The survey covers occupational pension schemes registered in the UK. It does not cover individual or group personal pensions or stakeholder pensions.

Data collection for the 2006 survey was completed in March 2007, achieving a response rate of 82 per cent, a significant increase on the previous years response (GAD voluntary inquiry). The 2006 OPSS covered both public and private sector occupational pension schemes and provisional headline figures for the 2006 OPSS were published on 10 July 2007 in an ONS First Release.

The annual report, which both revised and replaced the results in the First Release, was published in September 2007. Both publications were well received by all users but most notably by the DWP which expressed its appreciation via a letter to ONS. The Office also gave DWP direct access to the data via the Micro-Release Panel for the first time which enabled it to use the data more flexibly. The ONS should rightly be proud that the difficult transition period of changing responsibility from GAD to ONS went as smoothly as it did and is a shining example of how well ONS staff can develop relationships with customer departments elsewhere.

Work on the 2007 survey consisted of developing the survey questionnaires (these were brought more in-line with the ONS standard), designing the sample, negotiating a data capture contract with the external provider (Capita). Survey forms were despatched in November 2007 with reminders despatched in January 2008. At survey closedown (7th March 2008) response was 85 per cent, 4 per cent higher than that achieved for the 2006 survey, with 28 per cent completing the 2007 survey form online.

The 2007 survey results will be processed using the SAS data analysis tool rather than Excel.

## Civil Service Statistics

ONS continued to improve civil service employment statistics during 2007/08.

Following the successful transfer of the Senior Civil Service and annual Mandate collections in 2006/07, the 2006 Civil Service Statistics were published on the National Statistics website in July 2007. Following a full review, the Mandate collection was rebranded the Annual Civil Service Employment Survey (ACSES) and the collection was rationalised and updated to meet current user requirements. Improvements to the collection instruments and to the survey infrastructure will facilitate deeper analysis and an approximately 15 per cent improvement in coverage of the Civil Service for 2007 onwards. ONS is currently also working to improve the access to civil service statistics in 2008/09.

In addition, civil service employment is now published by department and agency on a quarterly basis.

## Modernisation programme

The improvements brought about by the ONS Modernisation programme during 2007/08 included:

- migration of the Retail Prices Index processing system onto the new ONS strategic platform to reduce risks in the production of this vital economic indicator
- implementation of the new Telephone Data Entry and Secure Electronic File Transfer systems to widen the options for businesses to submit survey data safely and to enable ONS to meet its e-government target for electronic data collection
- deployment of new software for extracting data from survey questionnaires to improve data quality and provide efficiency savings
- modernisation of the aggregate systems used to compile the Labour Market Statistics First Release to enable a significant reduction in risk
- pilot of the new Business Register and Employment Survey (BRES) which will, when fully implemented, improve the quality of regional statistics
- implementation of a data matching tool for the Inter Departmental Business Register that is now halving the time previously taken to conduct data matches, such as with PAYE data
- the installation of a Voice Over Internet Protocol Telephone (VOIP) system in order to reduce the risk of telephone system failure

## Modernisation of National Accounts methods and systems

The aim of National Accounts is to remain at the heart of economic policy making and consolidate its reputation among key users in the UK and their peers internationally, as among the best in the world. The modernisation of the National Accounts will go a substantial way to achieving this vision through modernised systems and methods.

Some of the major expected benefits from modernisation are:

- an expanded supply-use framework, with greater detail on the service sector

- balancing, on a routine basis, in constant as well as current prices and quarterly as well as annually
- estimates that will be more coherent and less prone to revision
- greater transparency to users, allowing them to more easily relate to demand and supply

Blue Book 2007 (BB07) estimates were published in June 2007. It did not include annual benchmarking balancing the accounts in current prices for 2005 using supply and use balancing and benchmarking to annual surveys and previously planned methodological improvements. This reduced scope was necessary to free resources to implement the planned modernised methods and systems.

However, progress on modernisation has not been as great as hoped. The introduction of both new methods and new IT systems at the same time has proved too challenging to meet the original plan of implementing these improvements in Blue Book 2008 (BB08). It is now intended to phase the introduction of new methods and systems over a number of years. BB08 will therefore represent a considerable step forward in quality from BB07 and provides a stepping stone towards full modernisation of the National Accounts, including annual balancing in volume terms as well as quarterly balancing, in the coming years. The delivery of the full modernisation programme for national accounts depends crucially on further development of systems and data quality proving robust enough. The latter will only become apparent as we go through the phases.

BB08 (planned publication is September 2008) will build on BB07 and will introduce the first phase of modernisation that will deliver incremental improvements over the next three to four years. BB08 will use the modernised systems in its production and represent a considerable improvement on BB07. Three major steps forward will be:

- annual supply-use table balancing in current price terms
- the introduction of a new and improved method for measuring banking output (FISIM), increasing understanding of the impact of this important sector on the economy
- the years to be rebalanced will be from 2004–2006

In addition to developing new systems and improving methods, ONS has developed a plan to relocate National Accounts from London to Newport commencing in April 2008 and expected to last until at least 2012. ONS recognises the risks involved in such a move and has implemented mitigation measures to minimise possible risks to data quality or re-engineering.

## Modernisation of Registration

Sections 69–71 of the Statistics and Registration Service Act 2007 came into effect on 1 December when registrars became local authority employees. Previously registration officers were statutory post holders with no legal employer.

Registrars now have access to local authority-wide learning and development opportunities and are subject to the local authority's performance management system. This will also bring benefits to the local authority in terms of managing resources and delivering a more flexible and responsive registration service to the local community.



The project to digitise the archive of records of vital events has so far delivered over 130 million digitised records and the project has now been transferred to IPS and will be continued by them. During 2007/08 the General Register Office (GRO) introduced a new system which produces certified copies of births, marriages and deaths from the digitised images and this will lead to substantial improvements in efficiency.

Following on from the introduction of the system to register civil partnerships in 2006, GRO has begun the deployment of the birth and deaths module of the web-based Registration Online system (RON) and this is being phased into use by the local registration service.

### Methodological and quality improvements

The Methodology Directorate has worked with other parts of the Office to drive forward pioneering work into the measurement of sexual identity in the UK. This has involved a series of cognitive interview phases, allied to trialling questions in the Omnibus survey. This is a very challenging project, but good progress has been made. Meanwhile work continues on devising estimation methods for the 2011 Census to get the very best estimate possible, allowing for likely incomplete response for types of geographical area or types of people.

Good progress has been made with improving the methodology of the experimental Average Weekly Earnings (AWE) indicator. In particular the directorate has been able to



“ Eliza Powka arrived in the UK from Poland four years ago. Starting as a au-pair and cleaner, she’s now part owner of three shops in South Wales. ONS is focusing on migrants entering the workforce. ”

reconcile the Average Earnings Index with the AWE by analysing and explaining the difference between the indicators to

estimate the effect of changes in methods. This information has been very helpful to major customers such as the Bank of England and also directly informs consideration of whether to move the AWE to National Statistics status.

ONS has produced and made available on the web quality reports for virtually all its major outputs. These contain metadata about the survey or output, as well as crucial quality measures such as standard errors. The availability of this information has been applauded by customers and has also drawn praise from Eurostat as a model of good practice.

## Atlas

Atlas is the brand name for the corporate database used in ONS for all of its Finance and Human Resources (HR) transactions. Atlas Financials supports all finance work and also provides online procurement and expense claim functionality. AtlasHR is the module which is used to keep staff’s personal and work details up-to-date; it also provides payroll cost apportionment and management information. Staff costs account for £122 million of operating cost within ONS. It is essential that these costs are accounted and reported accurately.

In 2007/08 we upgraded the system in order to introduce new HR functionality and also introduced several enhancements, we:

- increased the range of management information
- automated password resets which improved customer service and reduced the number of helpdesk calls
- extended the range of self-service functionality, such as the ability to record civil partnerships and ethnicity
- successfully trialled HR management information for line managers, for example providing managers with sickness absence data via the desktop in order to help them actively manage and reduce absenteeism. This functionality will be launched in 2008/09
- carried out preparatory work to enable implementation of the Atlas Performance Management System which replaced our legacy staff appraisal system from April 2008

## Reducing the burden on suppliers

ONS sends surveys to some 280,000 separate businesses each year at an estimated cost to those businesses of £34 million. ONS has a long track record of minimising the burden of its inquiries on suppliers and this record is being maintained. ONS' second Simplification Plan was published in December 2007 as part of Government's Better Regulation initiative. Since the first plan was published a year earlier, ONS has exceeded its expectations and reduced the burden of its business surveys by 15 per cent over the two years since targets were set in 2005/06. The Plan also set out initiatives aimed at reducing the burden by 25 per cent overall by 2015.

The Statistics and Registration Service Act 2007 includes regulation making powers that will enable the UK Statistics Authority to share data held by other government departments and public authorities where there are currently legal barriers to doing so. These regulations require the bilateral agreement of the Minister for the Cabinet Office (on behalf of the UK Statistics Authority) and the relevant Minister for the other government department and subsequent approval by Parliament. These powers came into force on 1 April 2008. ONS is testing the feasibility of using tax data held by HM Revenue & Customs to enable further reductions in the number of businesses included in its surveys and to meet increasing demands for regional and service sector statistics.

ONS exerts influence over European requirements for statistics on behalf of the UK, working with the European Union to reduce the impact of regulations on the business community. ONS also provides leadership to the GSS on burden reduction. It chairs the National Statistics Small Business Forum where GSS representatives meet with business organisations to discuss and plan burden reduction initiatives. ONS collates and publishes information from across the GSS on compliance with the Prime Minister's instructions on survey control. There is an approval process for new surveys and a programme of regular reviews of existing surveys.

## Pension Statistics

ONS has now established the Pensions Analysis Unit to work towards improving the quality of pension statistics and to rebuild public confidence. The Pension Statistics Advisory Group has continued to meet to help facilitate inter-departmental coordination on pension statistics.

The first issue of *Pension Trends* was published in 2005, bringing together disparate analysis on pension related issues. Of the original 13 chapters released in 2005, ten have now been updated and a new chapter 14 on 'Life expectancy and healthy ageing' has been added.

The new Wealth and Assets Survey is being used to provide better information about wealth and indebtedness. The survey includes a range of questions relevant to pensions analysis. The first wave of data collection has been completed and a limited number of experimental statistics released to assist in quality assurance and development of uses for the data. Statistical systems are being developed for the data along with a programme of analysis.

Continued improvements have been made to the collection of pension statistics through ONS surveys. Changes have been made to the pension questions in the 2008 Annual Survey of Hours and Earnings (ASHE) to improve the quality of the data. Work on improving the pension fund and insurance company surveys has continued, with a major review of the questionnaires completed in March 2008.

## Development of the Longitudinal Study

The ONS Longitudinal Study (LS) is a unique research resource containing linked administrative records from 1971 to the present. The LS links census records with life events, cancers and migration for one per cent of the population of England and Wales. LS data linkage is achieved using the NHS Central Register. The LS is widely used by government and academic researchers to address a range of research questions including studies of inequality, social mobility, migration and ageing. A key strength of the LS is that its size and scope support research into inter-generational transmission and transitions, longitudinal analysis of minority groups (such as particular ethnic and occupational groups) and the estimation of life expectancy. In 2007/08, estimates of life expectancy by social class for the period 1972–2005 were published. Associated life tables were also published to meet the growing demand for pensions-related data from the actuarial profession.

Since the LS combines data from Census, Registration and the NHS, it has been a high priority in 2007/08 to ensure the continuity of data linkage through the forthcoming machinery of government changes, the introduction of Registration Online and the National Programme for IT in the NHS. This has involved identifying legal gateways for the transfer of data, developing ONS systems to take on new information, for example from civil registrations and specifying and developing cohort data management and tracing functionality in systems being developed by the NHS Information Centre. Preparation for linkage of the 2011 Census to the LS has also been advanced through input to Census design, procurement and planning.

ONS remains committed to maintaining secure, supported researcher access to the LS and to this end had successfully piloted LS data access through the Virtual Microdata Laboratory (VML).

## Progress on measuring Societal well-being

The National Accounts and related indicators – especially Gross Domestic Product (GDP) per head – provide a well-established and internationally agreed way of measuring economic well-being. However, for an increasing number of public policy needs and in public debate, it is becoming recognised that there is more to life than GDP. Wider measures of societal well-being are required. The Organisation for Economic Co-operation and Development (OECD) and other international organisations are, through the 2007 Istanbul Declaration, promoting debate about what progress means and how a shared view of societal well-being can be produced, based on high-quality statistics. ONS is engaging with this debate and is well placed to contribute to further developments because many of the wider measures that have been identified have the National Accounts, satellite accounts or social and other indicator sets as their starting point.

Measuring societal well-being is therefore being taken forward as one of the priorities in ONS' analysis programme. An overview article, looking at a number of different approaches, was published in *Economic & Labour Market Review* in October 2007 to help gather further user needs for ONS work. The consultation on the Statistical Work Programme 2008–12 and papers at the Government Economic Service conference and other seminars were also used to help identify requirements. Addressing these requirements will form the basis of a programme of analysis and development work. ONS is working closely with the Department for Environment Food and Rural Affairs (Defra) and other stakeholders of well-being in the context of sustainable development.

Measuring societal well-being is also the underlying theme of the 2008 edition of *Social Trends*, particularly to illustrate the kinds of data that can be used to build statistical pictures of societal well-being, to assess quality of life and to examine progress more broadly than economic growth.

## Review of Equality Data

The Review of Equality Data, which reported on 31 October 2007, was initiated in response to a recommendation in the Cabinet Office-commissioned Equalities Review (ER) published in 2007. It recommended that 'a cross-cutting government review of current data needs is a fundamental and necessary starting point if government and devolved administrations are to properly analyse, understand and address inequalities... and the ONS should be responsible for leading the review.' The work of the Data Review was steered by a task force with representatives from eight government departments and the devolved administrations.

The findings suggested that a lack of strategic coordination across stakeholders and data providers, particularly at a UK level, had contributed to data gaps and inconsistencies, impairing the evidence base. This was particularly evident in a poorly harmonised approach to collecting information about different equality characteristics, in particular disability and sexual identity. To address this, the review made a number of recommendations to improve coordination and proposed a principled approach to the collection and dissemination of equality data.

As a response to the Data Review findings, ONS has set up a cross-UK Government Equality Measurement group, chaired by the National Statistician, which will provide a strategic overview of equality data collection and drive forward implementation of further recommendations in the Data Review. In partnership with Other Government Departments (OGD's) and other stakeholders, progress has also been made towards developing harmonised questioning for disability and sexual identity. These actions will ensure that the statistical outputs across government better address the needs of equality stakeholders.

## Wealth and Assets

The Wealth and Assets Survey (WAS) is a new longitudinal survey, launched in July 2006, collecting information from people living in private households in Great Britain. The survey aims to meet a range of policy and other requirements for information on the distribution of wealth and indebtedness of households. The survey was welcomed by the Pension Commission as being a prime source of statistical data for future pension policy.

The survey is funded by a cross-departmental consortium including the Department for Work and Pensions; HM Revenue & Customs; Department for Business, Enterprise and Regulatory Reform; Department for Communities and Local Government; Cabinet Office and ONS.

The first wave of interviews is being carried out over a two year period, with the initial release of data covering the first year of data. ONS published the first set of statistics, labelled as experimental statistics in January 2008. In-depth data validation will be carried out on these statistics and survey concepts will be developed. A full analytical report of Wave 1 data is due to be published as a National Statistics report in 2009.

The second wave of the survey is currently being developed to add a longitudinal dimension to the collection. This will form the core of a Wealth and Assets Statistical System, in which survey data and relevant administrative data will be held in a secure environment for statistical analysis.

## Measurement of public service output and productivity

ONS has continued to improve methods for measuring public service output to aid accountability for public services and to improve the National Accounts. ONS completed formal consultation on methods of measuring quality as part of output and published its conclusions as a strategy document in July 2007. This concluded that two domains of quality should be used in output measures. First, the extent to which the service succeeds in delivering intended outcomes. Second, the extent to which the service is responsive to users' needs. There were specific decisions on methods for measuring education and health care output.

Assessments of productivity in the key public services have been published on a rolling basis. Articles have been published relating to education (July 2007), adult social care (September 2007) and health care (January 2008). A review of all changes to the National Accounts as a result of the improved methodology stimulated by the Atkinson Review was published in *Economic & Labour Market Review* in February 2008. It listed

the numerous changes that had been made, with effects in both directions. In net terms the improvements had led to an estimated cumulative increase of 0.7 percentage points in estimated GDP from 1995 to 2005. Changes implying a further increase of 0.6 percentage points in GDP were outlined which will be submitted to the National Accounts approval process in due course.

## European Union Statistics on Income and Living Conditions (EU-SILC)

The European Union has set itself the strategic goal of 'fighting against poverty and social exclusion' across the member states. A key requirement of this initiative is the availability of the EU-wide timely and comparable data on income and living conditions in order to assess and monitor the progress. The EU-SILC project is aimed at meeting this requirement, and collects both cross-sectional and longitudinal data on several domains of poverty and social exclusion. The project was first launched in 2004 in 13 member states and subsequently extended to the other countries, including the UK, in 2005.

In order to meet the EU-SILC requirements in the UK, the General Household Survey was redesigned with the addition of new topics and the change of its design from a cross sectional survey to a longitudinal survey (GHS(L)). Data on some of the new topics, notably social exclusion and housing conditions, is collected at household level. Data on others, including income, labour market, education and health is collected at person level for all those aged 16 and over.

So far, ONS has deposited the EU-SILC 2005 and 2006 cross sectional data with Eurostat. The detailed cross sectional tabulation and indicators of poverty and social exclusion (Laeken indicators), comparing European countries across and over time, have been published on the EU website. At a later date it is planned to publish longitudinal data relating to changes over, typically, a four year period. Subject to confidentiality regulations, Eurostat also aims to make available suitably anonymised micro level data for scientific and research purposes.

## Virtual Microdata Lab

The Virtual Microdata Lab (VML) was established in 2004 to provide a secure environment within which firm-level survey data could be analysed. The VML is an essential component of ONS' data access strategy, which aims to provide the widest access to data consistent with confidentiality requirements. The sources of data and range of work carried out in the VML and its impact on ONS, has continued to grow and develop during the past year.

Research topics have included analysis of firm structures, outsourcing and business location. In recognition of the importance of the VML as a research resource, the Economic and Social Research Council (ESRC) provided funds covering the costs of using the VML for academic researchers, stimulating research addressing a variety of economic and social phenomena.

**“ Caroline Morris with newborn at North Bristol NHS Trust's Southmead Hospital. ONS publishes a raft of statistics on health, from live births and pre-term births to conceptions to fertility rates.”**



New data sources acquired during 2007/08 included information from the Monthly Wages and Salary Survey (MWSS) – the ONS survey used to produce key indicators of Short-Term Earnings and Prices and micro-data consisting of the information which underpins the Consumer, Retail and Producer price indices. Such acquisitions open up new avenues of analysis that have been previously unavailable to the research community. The VML continually engages with representatives from other government departments to develop new sources.

During spring 2008, access to the VML from within other government departments was introduced, with remote access being established at the Northern Ireland Statistics and Research Agency in Belfast and at the Scottish Government in Glasgow. The establishment of Remote VMLs will improve access to the VML among researchers across the UK. Within ONS, responsibility for Longitudinal Study safe setting transferred to the VML team, creating a single facility for secure on-site access to micro-data that can provide a more effective service to customers.

## Health

The *Health Statistics Quarterly* (HSQ) journal is ONS' main vehicle for publishing key analysis and statistics relating to health. These included trends in mortality, life expectancy and health expectancies, information on deaths involving MRSA and *Clostridium difficile* and deaths related to drug poisoning, as well as conceptions and infant and perinatal mortality. HSQ also published the latest information on excess winter mortality, cancer survival in England and in Spearhead Primary Care Trusts (PCTs), in collaboration with the London School of Hygiene & Tropical Medicine and on cancer incidence and mortality in the UK. In more in-depth analytical work, HSQ has exploited the linkage of birth registration and birth notification records to provide, for the first time, information on pre-term births. The journal also published the first of a planned series of articles describing health inequalities in the 21st century.

Difficulties with the introduction of the new Registration On-Line (RON) software in register offices in England and Wales caused suspension or delay to some regular statistical outputs in 2007/08 and also required resources to be expended in much additional data quality work. Almost all outputs have now resumed and publication timetables are being returned to normal as quickly as possible. The transfer of work on health expectancies and disability under the corporate relocation strategy has been carried out without any interruption to planned outputs.

In preparation for ONS Independence on 1 April 2008, detailed arrangements have been made regarding the move of medical research work from ONS to the Health & Social Care Information Centre, Patient Information and Advisory Group (PIAG). Similarly, arrangements have been made for the move of NHSCR to the Information Centre within the Department of Health to ensure the continuation of key data flows for health statistics. ONS has also been working closely with the Department of Health on proposed legislative changes relating to death certification, and the Ministry of Justice in relation to reform of the coroner system. It participated actively in the Education Committee and Mortality Reference Group of the World Health Organisation network for the Family of International Classifications. This helped develop an international exam for cause of death coders and ONS was among the first five statistical offices to pilot it. ONS'

UK-wide role in health statistics continued to develop, with the organisation representing the UK in negotiations on EU health statistics legislation and preparing the third edition of *UK Health Statistics* for publication early in 2008/09.

## Quality Measurement Framework project

The Quality Measurement Framework (QMF) project is being led by ONS, funded from the Invest to Save Budget and linked to work on measurement of public service output and productivity. The project aims to develop ways to measure quality and value added in the delivery of public services. These methods can then be used to monitor the level of service delivery by public, private and third sector providers alike. In this process the project also aims to minimise the administrative burden on local authorities and public service providers. During 2007/08 good progress was made by both the ONS project team and partners, the National Institute of Economic and Social Research (NIESR), the Personal Social Services Research Unit (PSSRU) at the University of Kent and the National Council for Voluntary Organisations (NCVO).

During the year a website was set up for the QMF project; and the initial report was submitted to HM Treasury giving details of progress made and outlining the scope of the project. This report along with partners' reports was published on the QMF website. Angela Eagle, the Exchequer Secretary to the Treasury, opened the QMF project's first promotional event held in London. The event was successful in its aim of raising the profile of the project and obtaining support from key stakeholders. Following on from this, additional promotion events have also been held in Belfast and Edinburgh. A further event was held in April 2008 in Newport, South Wales. Feedback from these events has been positive and numerous requests for further information have been received.

PSSRU has undertaken its pilot work in care homes and started extensive fieldwork which is scheduled to be completed by the end of 2008. NIESR has completed fieldwork with local authorities and submitted a written report detailing findings in June 2008. Initial methodologies developed by these two partners were reviewed by discussion groups in Belfast and Edinburgh, with additional reviews held across the country in April 2008. NCVO are identifying the public service provision provided by the Third Sector and they will be reporting findings in September 2008. The project is on target for completion in December 2009.

## Small innovation fund

Innovation is essential to ONS moving forward and as part of the ongoing work to encourage and support innovation across the organisation, a new light-touch procedure was introduced in September 2007 to encourage small projects.

This initiative is sponsored by Joe Grice, Executive Management Group and New Work Evaluation Board members who review and approve (or otherwise) all proposals put forward. The scheme acknowledges that not all proposals will necessarily work out, but recognises it is important that the organisation can learn from both successes and failures and that some controlled risk taking is integral to innovation.

To date, eight proposals have been approved and funded. The areas covered by these proposals ranges from re-engineering business processes; exploiting training techniques



“ Farmer’s son, Ed Parsons, loathed gardening as a boy. But after moving from country to city, he’s now dedicated to his allotment – for taste and cost. ONS produces statistics on household spending and internal migration.”

to improve business and people performance and reviewing how corporate software could be used for different ONS surveys.

### Sexual identity

The Sexual Identity project was established in 2006 due to the increasing user requirement for information on sexual identity.

Its objectives are:

- question development – the development of a question (or set of questions) on sexual identity that can be used in social surveys and possibly for use in equality monitoring purposes
- question testing and implementation – to test and evaluate (both quantitatively and qualitatively) the questioning to ensure that where possible they meet user requirements, are acceptable to respondents, and provide information of reasonable quality and accuracy. If acceptable questioning can be developed, it will be added to the Integrated Household Survey (IHS), which combines most ONS household surveys into one. This will allow for experimental estimates of the size and characteristics of the lesbian, gay and bisexual (LGB) populations to be produced and evaluated
- guidance – to provide guidance for those wishing to administer the questioning and those wishing to analyse the data

A programme of testing has been taking place including a review of sexual identity and orientation questions on other surveys (both in the UK and internationally), testing on the National Statistics Omnibus Survey to assess different versions of sexual identity questions and different ways of administering these questions and qualitative testing using focus groups to investigate people’s attitudes to being asked questions on sexual identity. In early 2008, web pages dedicated to the project were launched on the ONS website and a presentation given at the RSS.

### Construction statistics

The collection of construction statistics transferred from the Department for Business, Enterprise and Regulatory Reform (BERR), formerly the Department for Trade and Industry, to ONS on 1 March 2008. During a transition year to 1 March 2009, BERR staff will be seconded to ONS to support the transition to ONS systems. During this year the aim will be to maintain the timing and standard of publications that customers previously received from BERR. Following this transition year, ONS aims to develop the collection and publication in line with its standards and processes.

A project board has been set up to oversee this work jointly owned by BERR and ONS. BERR has agreed funding for the transfer and detailed planning has started. The ONS publication of construction statistics started in March, with information on Output and Employment in the Construction Industry for the fourth quarter in 2007.



“ Tree surgeon, Jon Fellows, at work in the Wye Valley. ONS puts out regular releases on jobs, earnings and productivity as well as employment status by occupation and sex. ”

### **Integrated Household Survey**

The Integrated Household Survey will bring together a number of large scale government surveys into a single survey consisting of a core questionnaire and a number of topic modules. The interview core will provide information about the population of the UK from a very large sample that can be disaggregated to the local authority area level, whilst the survey will provide a flexible way of meeting the future information needs of government by incorporating question modules in further topic areas.

### **IM and Flex contract**

To continue to provide its existing services, meet the business and public demands for improved services within the resource limits set by government and in preparation for Independence and Statistics Authority requirements, ONS worked with the Cabinet Office in 2006/07 to help define the shared services framework Public Sector Flex for the outsourcing of specific IT functions. Subsequently, ONS continued to explore whether the agreed framework would be the best solution for ONS to attain best practice service levels in the required timescales or whether the transformation required could be done 'in-house'.



An in-depth evaluation study was carried out which confirmed that the IT improvements could not be achieved 'in-house' in line with the investment programme given the constraints of the ageing IT infrastructure and data centres and the demands on business growth.

In September 2007 ONS confirmed it would adopt Public Sector Flex and outsource desktop services, service desk, network management, telephony and data centre hosting to Fujitsu Services. The transfer took place on 28 March 2008 and initially an 'as-is' service operated. But at the same time ONS began designing new and transformed services alongside improvements to existing services. From June 2009:

- ONS data centres will be replaced with robust Fujitsu data centres
- ageing servers will be replaced with new equipment
- existing desktops and laptops, excluding those of the field force, will be replaced with new equipment
- a manned service desk will be introduced
- industry standard (ITIL) processes will be introduced
- control and visibility of IT costs will be improved

The ONS' Chief Information Officer is responsible for ensuring the Flex contract and the retained IT organisation is fully addressing the needs of business and customers and is robust enough to meet those demands in a flexible way, while maintaining the efficiencies, services, protection of data and value for money the public expects.

## Risk management

Risk management is not an end in itself. It is part of good management practice linking with, supporting and informing planning, prioritisation, benefits management, etc. It calls for sound judgement and common sense as well as the ability to pick up on the external environment. It is particularly important in a time of development and change, where, in order to maximise benefits and opportunities, it is necessary to take managed risks. Risk management is also about engagement between management, the centre and staff, formally and informally so that ONS' exposure to risk at any time is understood and agreed.

Early in 2007/08 EMG concluded that our risk policy, strategy and process followed good practice and are fit for purpose. However, application across ONS was patchy and EMG wanted a more integrated approach to risk management that included a challenge function and presented a true overall ONS risk position. This conclusion was endorsed by an Internal audit review of Risk Management in ONS carried out in the autumn of 2007.

Action taken during the year to improve the application of risk management included:

- establishing a Risk Champion at top management level; this is Rolande Anderson, a Director General
- a top-down risk assessment of ONS by EMG. The identified risks were each assigned an EMG member as the owner. S/he is responsible for ensuring that appropriate mitigation plans are in place and for monitoring the status of the risk (i.e. likelihood and impact) and reporting back regularly to EMG
- a Directorate-based programme to educate, raise awareness and train staff in the identification and management of risk as part of business management and planning

## Departmental Annual Report – information risk

ONS handles an enormous amount of personal information. Were any of this information to be inappropriately released it could cause distress and damage not only to the individuals affected but also to the public's view of ONS, ultimately affecting the Office's ability to produce the quality statistics needed by society. For this reason ONS regards the security of its information as a key aspect of all its operations and ensures that its staff are made aware of their responsibilities.

In order to provide transparency, the tables below summarise all known incidents where personal information was not correctly handled.

**Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2007/08**

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Apr	Insecure disposal of cabinet containing old paper documents (subsequently recovered)	Basic demographic details, NHS numbers, place of birth and area of residence	170	Police notified
Further action on information risk	The Office will continue to monitor and assess its information risks, in light of the event noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

**Table 2: Summary of other protected personal data related incidents in 2007/08**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Office are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	nil
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	nil
IV	Unauthorised disclosure	nil
V	Other	nil

**Table 3: Year-on-year total numbers of protected personal data related incidents prior to 2007/08**

Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number							Total number of other protected personal data related incidents, by category number						
2006/07	I	II	III	IV	V	Total	2006/07	I	II	III	IV	V	Total
	nil	nil	nil	nil	nil	nil		nil	nil	nil	nil	nil	nil

## Stakeholder engagement

ONS has developed a comprehensive user liaison strategy, using formal and informal communication channels, to meet the significant challenge of managing the wide range of users of ONS statistics.

ONS has defined its 'key accounts' and has a formal relationship with these, with named ONS executive directors responsible for working relationships. Key account

meetings take place at least every six months to discuss ONS' performance in delivering its outputs and any new requirements. A summary of responses from these key stakeholders for 2007/08 are shown in the table below.

Semi-formal relationships exist with a number of bodies including local government, market and business, other national statistical institutes and academics. ONS consults widely on many topics and issues, one current high profile topic is the 2011 Census.

In addition, ONS works closely with Eurostat (the Statistical Office of the European Commission) and other international agencies.

These formal and informal relationships, consultations and reviews, such as the National Statistician's Task Force on Migration Statistics, inform the agenda for ONS' statistical programme.

Key Account	Summary Assessment
Scottish Administration	<p>In the last 12 months the Scottish Government has maintained good relationships overall with counterparts in ONS, with particularly good feedback in the area of Health and Care. There have been some issues raised in relation to issues of delivery (such as those relating to the release of R&amp;D microdata) and to issues of policy (for example, the decision to cut the sample size of the Annual Survey of Hours and Earning (ASHE)). There is however, evidence of genuinely bilateral arrangements taking place in areas such as ethnicity, while there was also recognition that ONS had established a more effective methodology for addressing harmonisation issues affecting the UK Administrations</p>
Department of Health	<p>The Department of Health (DoH) has made considerable use of ONS this year for ad-hoc and ongoing work and has generally received a very good level of service, in terms of helpful advice, relevant information and speed of response. ONS has also kept the DoH informed of developments in relation to work underway, progress with associated publications, and issues around systems underpinning this activity</p> <p>There are some aspects of service which would benefit from mutual scrutiny and from dialogue. Areas of concern have been raised in the detailed assessment and it will be useful to reflect on these in the planned SLA reviews</p> <p>Consultation on the ONS forward work programme, including arranging a meeting at DoH's request, shows a welcome commitment to dialogue</p>
Northern Ireland Statistics and Research Agency	<p>2007/08 was a uniquely challenging year for ONS. While preparing itself for commencement of the Statistics and Registration Service Act, ONS was able to maintain a good level of service. Communication, advice and engagement on key issues relating to the implementation of statistical reforms have been very good</p> <p>In other areas performance has been comparable to previous years. This is generally rated positively across NISRA with any concerns managed through the liaison group. Overall NISRA's assessment of the relationship with ONS is good</p>

<p>Welsh Assembly Government</p>	<p>The Welsh Assembly Government and ONS continued, during 2007/08, to work together on a range of statistics relating to Wales; with a generally good relationship between the two organisations</p> <p>For example ONS has continued to work closely with the Welsh Assembly Government on preparations for the 2011 Census. Statistical Directorate officials are involved at all levels of census governance from the UK Census Committee to work package groups, including the Census Advisory Group for Wales as the forum for discussion with stakeholders and Census users in Wales. In order to develop a fully bilingual Census, a dual development approach has been adopted for the first time to designing questions in English and Welsh so that both versions of the questionnaire will be equivalent</p> <p>The Welsh Assembly Government has worked with the ONS for the first time on a number of other population and migration topics. These include the development of the 2006-based National Population Projections. This process was well planned and relevant parties within Wales were consulted on the assumptions. All decisions and underlying data were provided at an early stage and with full background information. The Welsh Assembly is also working with ONS on the recommendations of the Migration Task Force and on the Improving Migration and Population Statistics programme</p> <p>One problem area has been the introduction of the new electronic registration system for births and deaths at local register offices in England and Wales. This has affected ONS outputs and also caused delays to some Welsh Assembly outputs. The delays in providing figures about 'death occurrences' for Wales have been particularly disappointing as these have been postponed a number of times</p> <p>For economic and household/individual survey data, the outputs from the Annual Population Survey are a key source of labour market statistics for Wales. There were delays during 2007/08 in re-weighting the survey to current population estimates; however taking this work forward over the coming year, together with new household-level outputs, will further enhance the survey's relevance and broaden its customer base</p> <p>Two areas of concern were firstly the Annual Survey of Hours and Earnings (ASHE) where the Welsh Assembly Government was disappointed with the cut in the sample size of this important source of regional data, which has resulted in a more complicated system with uncertain impacts, especially over time, for relatively small cost savings. The second concern is about Regional Accounts where the Welsh Assembly Government is keen for resources to be put into making the current price regional accounts more conceptually coherent, by prioritising a full workplace-based regional GVA estimate and into investigating alternative data sources. Welsh Assembly Government see this as a higher priority in the short term than developing constant price measures, especially as the available data sources do not currently support the latter</p> <p>Two areas with positive developments are firstly for the Business Register Employment Survey (BRES). ONS proposals for developing this new survey are progressing well. It was seen as the only way to improve the quality of regional-level industry data. Another area is measuring Government output and productivity in Wales ('Atkinson Report' work) where ONS, through UKCeMGA and the Welsh Assembly, are now working successfully in partnership to take this project forward</p> <p>Overall, the Welsh Assembly Government considers the ONS performance for 2007/08 to be good</p>
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HM Treasury	<p>2007/08 was another year when ONS had to manage considerable change, not least in preparing the ground for the Statistics and Registration Act coming into full force from April 2008 and setting up of the new independent UK Statistics Authority. HM Treasury is satisfied that during the year the ONS constructively faced up to the challenges, especially in actively prioritising its resources in pursuing statistical delivery and relocation agendas and drawing up its future statistical work programme, following public consultation. HM Treasury particularly welcomes the lead ONS has taken in establishing the programme of work to improve migration statistics. Relocation of labour market and consumer prices operations from London to Newport appears to have been well managed and gone smoothly, with business continuity maintained throughout the process. More generally, customer service has been good, with constructive engagement, though the reprioritisation of resources necessary to take forward the modernisation of the National Accounts has inevitably posed particular uncertainties surrounding the quality of the data</p>
Bank of England	<p>Reflecting the views of the Monetary Policy Committee, the Bank of England regards the ONS' performance over the past year as mixed. ONS staff have continued to be of great assistance to the Bank via a wide range of working-level contacts. Most statistics have continued to be delivered in a satisfactory manner and relocation does not appear to have affected the quality of the output of the relevant teams. But there are some aspects of performance about which the Bank is not satisfied. In particular, difficulties in producing a balanced and accurate set of National Accounts have now persisted for several years, and the further reductions in the proposed scope of Blue Book 2008 are very disappointing. These problems have been raised by the MPC before and heighten uncertainty around estimates of economic activity in the United Kingdom at a critical time. Performance in some other areas has been disappointing, for example in labour market and service sector statistics. But the Bank welcomes the in-depth consultation that the ONS has undertaken with its customers and looks forward to the publication of the ONS' work plan in the summer, setting out clearly plans for future improvements in official data. The Bank continues to attach a very high priority to: the production of a properly balanced set of National Accounts for recent years as soon as possible; improvements in the quality of data on the services sector and migration; and implementation of the findings of the AEI/AWE review by Martin Weale</p>
Department for Business, Enterprise and Regulatory Reform (BERR)	<p>BERR's evidence base continues to be highly dependent on the business, labour market and macroeconomic statistics collected and published by the ONS</p> <p>Day to day, the ONS supply to BERR is reliable and regular. BERR statisticians continue to enjoy close and effective working relationships with their ONS counterparts at all levels</p> <p>BERR accepts that ONS needs to prioritise its outputs, so as to continue to provide a responsive service and meet new needs, within available resources. However, BERR has been affected by the loss of four-digit Index of Production (IoP) series, the temporary suspension of supply/use tables, and the loss of some industry, occupation and geographic detail following the 20 per cent reduction in the ASHE sample. BERR would have found it helpful to have had more discussion of how the impact of these and other changes could be minimised so as to enable BERR to sustain and develop the evidence base necessary for policy formation, monitoring and evaluation. It hopes this will still be possible</p> <p>BERR welcomes the extensive consultation on the 2008–12 work plan and looks forward to seeing the results of that. Improvements to service and regional statistics in the pipeline are eagerly awaited</p>
Department for Work and Pensions (DWP)	<p>Overall, DWP is pleased to report positively on the overall service received from ONS, with most areas rating the service as good or excellent. DWP recognises that ONS has had to manage a complex bedding-in period for the transfer of work from London to Newport. It sees an ongoing need to manage this closely, particularly in respect of the key surveys, and hopes ONS will continue to engage with DWP in respect of issues that arise</p>

## Looking forward

ONS has embraced the changes that the Statistics and Registration Service Act will bring and following consultation with staff and customers has refreshed its Vision and Values and Strategic goals.

The corporate values – Respect, Flexibility, Commitment and Results signal the commitment of ONS staff to delivering quality outputs in a professional manner and also reflect the changing needs of customers and society.

We look to live by these values while implementing the recommendations from the Inter-departmental Task Force on Migration, further developing regional statistics and delivering the 2011 Census.



**Karen Dunnell**

Director and Permanent Secretary of ONS.

National Statistician

9 July 2008

## Annex A – Targets from the 2002 Spending Review

Key results	
<b>To ensure the efficient and accurate registration of key life events</b>	
The registration of births does not fall below 99.9 per cent of all births	Target met – performance for 2007/08 was 99.99 per cent (695,021 of 695,040 known births)
93 per cent of Principal Registration Officers performing satisfactorily or better	During 2007/08 the system of assessment for local registration services changed to a service-based approach, looking at the totality of the service offered rather than more narrowly at the performance of individual registrars. This target can therefore no longer be reported on
<b>Service level targets</b>	
i. To pay all valid bills within 30 days of receipt (Target 100 per cent)	i. Target not met – 95 per cent of invoices were paid on time
ii. To answer public enquiries about statistical activities within 10 days (Target 99 per cent)	ii. Target met – 100 per cent of enquiries were answered within 10 days. (Total enquiries = 64,592)
iii. To answer urgent Registration enquiries within 5 days (Target 99 per cent)	iii. Target met – performance for 2007/08 was 99.89 per cent
iv. To answer non-urgent Registration within 20 days (Target 95 per cent)	iv. Target met – performance for 2007/08 was 99.42 per cent
v. To post or to have available for personal collection (at the Family Records Centre only) applications for certified copies of birth, marriage and death entries received by personal application, post, electronically or by telephone within the specified delivery target for the service (details of all the services are on the ONS website)	v. Target met – performance for 2007/08 was 99.22 per cent on time (total applications 2,089,847)

## Annex B – ONS Publishing Plan 2007/08

ONS publishes a wide range of publications covering economic and other social statistics. This annex lists the high profile and other regular releases issued during 2007/08, as well as the major ad hoc and occasional publications. All publications are available on the National Statistics website [www.statistics.gov.uk](http://www.statistics.gov.uk). Those marked with an asterisk\* are also published in paper format by ONS' official publisher Palgrave Macmillan.

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – reports
<b>Compendia and reference</b>		
Monthly		Monthly Digest of Statistics*
Annual		Annual Abstract of Statistics 2007* Social Trends 2007*
Occasional		Focus on London 2007*
<b>Commerce, energy and industry</b>		
Monthly	Motor vehicle production	Aerospace and electronic cost indices (MM19) Digest of engineering turnover and orders Distributive and service trades Motor vehicle production and new registrations (PM34.10) Price index numbers for current cost accounting (MM17) Producer price indices (MM22)
Quarterly	Investment by insurance companies, pension funds and trusts Mergers and acquisitions involving UK companies	Assets and liabilities of finance houses and other credit companies (SDQ7) Insurance companies, pension funds and trusts investments (MQ5)
Annual	Foreign direct investment Gross domestic expenditure on research and development International transactions of the UK film and television industries	Annual business inquiry: revised results 2005 Annual business inquiry: provisional regional results 2005 Annual business inquiry: provisional results 2006 Business spending on capital expenditure items 2006 Prodcum annual industry reports 2006 (around 250 reports) Research and development in UK business 2006 (MA14) UK business: activity, size and location 2007
<b>The economy</b>		
Monthly	Consumer price indices Index of production Index of services Producer prices Public sector finances Retail sales UK trade	Economic & Labour Market Review* Financial Statistics* Focus on consumer price indices Monthly review of external trade statistics (MM24) Retail sales (SDM28)

Quarterly	<p>Business investment – provisional and final results</p> <p>GDP preliminary estimate</p> <p>Internet connectivity</p> <p>Productivity</p> <p>Profitability of UK companies</p> <p>United Kingdom balance of payments</p> <p>United Kingdom quarterly national accounts</p> <p>United Kingdom output, income and expenditure</p>	<p>Consumer Trends</p> <p>Environmental accounts</p> <p>Market sector gross value added (experimental)</p> <p>Public sector finances supplementary data</p> <p>Services producer price index (experimental)</p> <p>United Kingdom Economic Accounts*</p> <p>United Kingdom trade in goods analysed in terms of industries (MQ10)</p>
Six monthly	<p>Government deficit and debt under the Maastricht Treaty</p> <p>International comparisons of productivity</p>	
Annual	<p>Annual business inquiry – provisional, revised and regional results</p> <p>Business enterprise research and development</p> <p>Internal comparisons of productivity</p> <p>Internet access – individuals and households 2006</p> <p>Regional household income (GDHI)</p> <p>Regional, sub-regional and local gross value added</p>	<p>Financial intermediation services indirectly measured (FISIM)</p> <p>Financial Statistics Explanatory Handbook 2008*</p> <p>Foreign direct investment 2006 (MA4)</p> <p>International trade in services 2006</p> <p>Regional gross value added (GVA) income measure (Nomenclature of units for territorial statistics (NUTS) 1, 2 &amp; 3)</p> <p>Share Ownership 2006</p> <p>United Kingdom Balance of Payments (Pink Book) 2007*</p> <p>United Kingdom National Accounts (Blue Book) 2007*</p>
Occasional		<p>The ONS productivity handbook: a statistical overview and guide*</p> <p>Public sector productivity: adult social care</p> <p>Public sector productivity: education</p> <p>Public sector productivity: health</p>
<b>Health and care</b>		
Weekly		Weekly deaths in England and Wales
Quarterly		Health Statistics Quarterly*
Annual		<p>Alcohol-related deaths in the UK 2006</p> <p>Cancer incidence and mortality 2002–04</p> <p>Cancer registrations 2005</p> <p>Cancer statistics registrations 2005 (MB1)</p> <p>Congenital anomaly statistics 2006 (MB3)</p> <p>Deaths registered in 2006 in England and Wales</p> <p>Excess winter deaths 2006/07</p> <p>Mortality statistics – general 2005 (DH1)</p> <p>Mortality statistics – injury and poisoning 2005 (DH4)</p> <p>Suicides in the UK 2006</p>

Occasional		<p>Cancer survival in England 1999–2002</p> <p>Cancer survival in the spearhead primary care trusts of England 1998–2004</p> <p>Contraception and sexual health 2006/07</p> <p>Drinking: adults' behaviour and knowledge 2007</p> <p>General household survey 2006: smoking and drinking among adults</p> <p>Health expectancies at birth at age 15 in the UK 2004</p> <p>Health expectancies for local authorities in England and Wales 2001</p> <p>Life expectancy by social class 2002–05</p> <p>Smoking-related behaviour and attitudes 2006</p>
<b>Labour market</b>		
Monthly	<p>Integrated labour market statistics</p> <p>Regional labour market statistics (11 releases)</p>	<p>Average weekly earnings (experimental)</p> <p>Labour disputes</p> <p>Public and private sector breakdown of labour disputes</p>
Quarterly	Public sector employment	<p>Index of labour costs per hour (experimental)</p> <p>Labour force survey historical quarterly supplement</p> <p>Local area labour market statistical indicators</p>
Annual	<p>Annual Survey of Hours and Earnings</p> <p>Low pay estimates</p> <p>Work and worklessness among households</p>	<p>Annual Survey of Hours and Earnings 2007: phases 1, 2 &amp; 3</p> <p>Annual Survey of Hours and Earnings: pensions 2006</p> <p>Annual Survey of Hours and Earnings: pensions 2007</p> <p>Civil service statistics 2006</p> <p>International comparison of labour disputes 2006</p> <p>Labour disputes in 2006</p> <p>Low pay 2007</p> <p>Trade union membership 2006</p>
Occasional		<p>Labour Force Survey employment status by occupation and sex</p> <p>Labour Force Survey reweighting and seasonal adjustment review 2007</p>
<b>Population and migration</b>		
Quarterly		<p>Inter-regional migration movements within the UK</p> <p>Population Trends*</p> <p>Quarterly population estimates for England and Wales (experimental)</p>
Annual		<p>Adoptions in England and Wales 2006</p> <p>Birth statistics 2006 (FM1)</p> <p>Civil partnerships in 2005 and 2006</p> <p>Conception statistics 2005</p>

		<p>Divorces 2006</p> <p>First names 2007</p> <p>Interim life tables for the UK and constituent countries 2004–06</p> <p>Internal migration estimates, mid-2005/06</p> <p>Internal migration 2006 and revisions 1999–2005</p> <p>International migration 2005 (MN)</p> <p>Key Population and Vital Statistics 2005 (PP1/VS)*</p> <p>Life expectancy at birth and at age 65, local authorities 2004–06</p> <p>Marriage, divorce and adoption statistics 2005 (FM2)</p> <p>Middle layer super output area population turnover rate 2004/05 and revised 2001/02 to 2003/04 estimates</p> <p>Mid 2001 to 2005 national constituency population estimates</p> <p>Mid 2001 to 2005 national population estimates</p> <p>Mid 2001 to 2005 statistical ward population estimates</p> <p>Mid-2006 estimates of private household population and revised 2002–05 estimates</p> <p>Mid-2006 lower layer super output area and mid layer super output area population estimates</p> <p>Mid-2006 marital status population estimates and revised 2002–05 estimates</p> <p>Mid-2006 population estimates for primary care organisations in England and revised 2002–05 estimates</p> <p>Mid year population estimates for the UK, England and Wales, Scotland and Northern Ireland 2006</p> <p>National Population Projections for the UK and constituent countries 2006-based, principal and main variant projections</p> <p>National Population Projections for the UK and constituent countries 2006-based, additional variant projections</p> <p>Population estimates by ethnic group 2005 and revised 2002–04 estimates</p> <p>Pre-term births in England and Wales 2005</p> <p>Revised mid-year population estimates 2002–05</p> <p>UK electoral statistics 1 May 2007</p>
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Occasional		<p>Census area statistical wards revised 2001/02 population estimates</p> <p>Census area statistical wards 2003–05 population estimates</p> <p>Income model-based estimates for middle layer super output area population estimates 2004/05</p> <p>Population for England and Wales for ages 90 and over 2002–06</p> <p>Revised 2004-based sub national population projections 2004–29</p> <p>Under 18 conceptions: local analysis</p>
<b>Social and welfare</b>		
Annual	Effects of taxes and benefits on household income	<p>Effects of taxes and benefits on household income 2005/06</p> <p>Family Spending 2007*</p> <p>Results from the General Household Survey 2006</p>
Occasional		<p>Focus on Families (full report)*</p> <p>Occupational pension scheme survey annual report 2006</p> <p>Pension Trends: six chapter updates</p>
<b>Transport, travel and tourism</b>		
Monthly	Overseas travel and tourism	
Quarterly		<p>Overseas travel and tourism (MQ6)</p> <p>Travelpac</p>
Annual		Travel Trends 2006

## **Annex C – Core tables**

These tables show expenditure records and plans over a number of years. From 2002/03 to 2007/08 they show actual outturns for ONS. For 2008/09 onwards they show spending for the UK Statistics Authority only and therefore exclude the transfers of function effective on 1 April 2008 for GRO and NHSCR. Most of the growth in future plans is to fund the costs of the 2011 Census.

**Table 1 Total Departmental Spending**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	Outturn £000	Outturn £000	Outturn £000	Outturn £000	Outturn £000	Estimated Outturn £000	Plans £000	Plans £000	Plans <sup>s</sup> £000
<b>Resource budget</b>									
<b>Resource DEL</b>									
UK Statistics Authority	133,597	137,425	158,284	172,445	191,804	172,701	216,060	211,241	307,228
<b>Total resource budget DEL</b>	<b>133,597</b>	<b>137,425</b>	<b>158,284</b>	<b>172,445</b>	<b>191,804</b>	<b>172,701</b>	<b>216,060</b>	<b>211,241</b>	<b>307,228</b>
<i>of which: Near-cash</i>	126,394	125,049	143,122	147,900	143,895	148,340	195,560	191,241	287,228
<b>Resource AME</b>									
<b>Total resource budget AME</b>	-	-	-	-	-	-	-	-	-
<i>of which: Near-cash</i>	-	-	-	-	-	-	-	-	-
<b>Total resource budget</b>	<b>133,597</b>	<b>137,425</b>	<b>158,284</b>	<b>172,445</b>	<b>191,804</b>	<b>172,701</b>	<b>216,060</b>	<b>211,241</b>	<b>307,228</b>
<i>of which: depreciation</i>	8,524	9,559	11,631	15,927	18,091	22,835	16,500	18,000	20,000
<b>Capital budget</b>									
<b>Capital DEL</b>									
UK Statistics Authority	13,715	17,193	33,682	24,670	27,512	15,347	21,000	15,000	15,000
<b>Total capital budget DEL</b>	<b>13,715</b>	<b>17,193</b>	<b>33,682</b>	<b>24,670</b>	<b>27,512</b>	<b>15,347</b>	<b>21,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Capital AME</b>									
<b>Total capital budget AME</b>	-	-	-	-	-	-	-	-	-
<b>Total capital budget</b>	<b>13,715</b>	<b>17,193</b>	<b>33,682</b>	<b>24,670</b>	<b>27,512</b>	<b>15,347</b>	<b>21,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Total departmental spending*</b>									
UK Statistics Authority	138,788	145,059	180,335	181,188	201,225	165,213	220,560	208,241	302,228
<b>Total departmental spending*</b>	<b>138,788</b>	<b>145,059</b>	<b>180,335</b>	<b>181,188</b>	<b>201,225</b>	<b>165,213</b>	<b>220,560</b>	<b>208,241</b>	<b>302,228</b>
<i>of which:</i>									
Total DEL	138,788	145,059	180,335	181,188	201,225	165,213	220,560	208,241	302,228
Total AME	-	-	-	-	-	-	-	-	-

\* Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

**Spending by local authorities on functions relevant to the department**

**Current spending**

*of which:*

financed by grants from budgets above

**Capital spending**

*of which:*

financed by grants from budgets above†

† This includes loans written off by mutual consent that score within non-cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

**Table 2 Resource budget DEL and AME**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Resource DEL</b>									
<b>UK Statistics Authority</b>	<b>133,597</b>	<b>137,425</b>	<b>158,284</b>	<b>172,445</b>	<b>191,804</b>	<b>172,701</b>	<b>216,060</b>	<b>211,241</b>	<b>307,228</b>
<i>of which:</i>									
UK Statistics Authority	133,597	137,425	158,284	172,445	191,804	172,701	216,060	211,241	307,228
<b>Total resource budget DEL</b>	<b>133,597</b>	<b>137,425</b>	<b>158,284</b>	<b>172,445</b>	<b>191,804</b>	<b>172,701</b>	<b>216,060</b>	<b>211,241</b>	<b>307,228</b>
<i>of which:</i>									
Near-cash	126,394	125,049	143,122	147,900	143,895	148,340	195,560	191,241	287,228
<i>of which:†</i>									
Pay	97,528	108,491	120,376	124,658	124,229	117,886			
Procurement	28,866	16,558	22,746	24,585	20,016	31,300	88,910	84,591	181,578
Current grants and subsidies to the private sector and abroad	-	-	-	-1,343	-350	-846	-350	-350	-350
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	8,524	9,559	11,631	15,927	18,091	22,835	16,500	18,000	20,000
<b>Resource AME</b>									
<b>Total resource budget AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
Near-cash	-	-	-	-	-	-	-	-	-
<i>of which:†</i>									
Pay	-	-	-	-	-	-	-	-	-
Procurement	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
<b>Total resource budget</b>	<b>133,597</b>	<b>137,425</b>	<b>158,284</b>	<b>172,445</b>	<b>191,804</b>	<b>172,701</b>	<b>216,060</b>	<b>211,241</b>	<b>307,228</b>

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

**Table 3 Capital Budget DEL and AME**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Capital DEL</b>									
<b>UK Statistics Authority</b>	<b>13,715</b>	<b>17,193</b>	<b>33,682</b>	<b>24,670</b>	<b>27,512</b>	<b>15,347</b>	<b>21,000</b>	<b>15,000</b>	<b>15,000</b>
<i>of which:</i>									
UK Statistics Authority	13,715	17,193	33,682	24,670	27,512	15,347	21,000	15,000	15,000
<b>Total capital budget DEL</b>	<b>13,715</b>	<b>17,193</b>	<b>33,682</b>	<b>24,670</b>	<b>27,512</b>	<b>15,347</b>	<b>21,000</b>	<b>15,000</b>	<b>15,000</b>
<i>of which:</i>									
Capital expenditure on fixed assets net of sales*	13,715	17,193	33,682	24,670	27,512	15,347	21,000	15,000	15,000
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-	-
Capital support to public corporations	-	-	-	-	-	-	-	-	-
Capital support to local authorities†	-	-	-	-	-	-	-	-	-
<b>Capital AME</b>									
Total capital budget AME	-	-	-	-	-	-	-	-	-
<b>Total capital budget</b>	<b>13,715</b>	<b>17,193</b>	<b>33,682</b>	<b>24,670</b>	<b>27,512</b>	<b>15,347</b>	<b>21,000</b>	<b>15,000</b>	<b>15,000</b>
<i>of which:</i>									
Capital expenditure on fixed assets net of sales*	13,715	17,193	33,682	24,670	27,512	15,347	21,000	15,000	15,000
Less depreciation§	8,524	9,559	11,631	15,927	18,091	22,835	16,500	18,000	20,000
Net capital expenditure on tangible fixed assets	5,191	7,634	22,051	8,743	9,421	-7,488	4,500	-3,000	-5,000

\* Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

§ Included in Resource Budget.

**Table 4 Administration Costs**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Administration expenditure</b>									
Paybill	97,528	108,491	120,376	124,658	124,229	117,886			
Other	69,899	69,650	82,735	87,961	115,444	101,607			
<b>Total administration expenditure</b>	<b>167,427</b>	<b>178,141</b>	<b>203,111</b>	<b>212,619</b>	<b>239,673</b>	<b>219,493</b>	-	-	-
Administration income	-35,327	-41,785	-45,555	-40,981	-48,703	-46,924	-	-	-
<b>Total administration budget</b>	<b>132,100</b>	<b>136,356</b>	<b>157,556</b>	<b>171,638</b>	<b>190,970</b>	<b>172,569</b>	-	-	-
<b>Analysis by activity</b>									
UK Statistics Authority	132,100	136,356	157,556	171,638	190,970	172,569	-	-	-
<b>Total administration budget</b>	<b>132,100</b>	<b>136,356</b>	<b>157,556</b>	<b>171,638</b>	<b>190,970</b>	<b>172,569</b>	-	-	-

# III: Resource Accounts

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# Resource Accounts

Year ending 31 March 2008

## Statement of the Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the ONS to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the ONS and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts and
- prepare the accounts on a going concern basis

HM Treasury has appointed the Director of ONS Accounting Officer of ONS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the ONS's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money.

# Statement on Internal Control, 2007/08

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office for National Statistics's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. ONS is both an executive agency and a Chancellor of the Exchequer's department and, as such, takes direction on resources, priorities and business compliance from its assigned minister within HM Treasury. In 2007/08 this was the Exchequer Secretary to the Treasury, Angela Eagle MP. I report to the minister on serious issues of risk and reputation. In addition my finance team, led by the Chief Finance Officer, have regular meetings with the HM Treasury spending team.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office for National Statistics for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

ONS has a number of committees that oversee its operation. First is the ONS Board, which I chair. It comprises executive and non-executive directors. At its meetings it discusses high level strategic issues and current or potential aspects of risk or difficulty, giving non-executive directors the opportunity to provide advice from an external perspective. At each meeting the Board reviews the current corporate risks and key performance metrics, the Board also reviews achievement against spending review targets.

The Audit Committee meets not less than three times a year and is chaired by a non-executive with executive members. In 2008/09 the UK Statistics Authority will have an Audit Committee entirely comprising of non-executives. I am not a member of the Committee but do attend, as do the National Audit Office and our internal auditors. Its terms of reference include to consider, assist and advise the Accounting Officer on the adequacy of risk management processes underpinning the annual Statement on Internal Control and to assess the strategic processes for risk, control and governance and the Statement on Internal Control.

The ONS Executive Management Group (EMG), comprising the executive directors of the Office, meets monthly as the senior internal management committee for the Office. It also reviews the current corporate risks and key performance metrics as well as achievement against its spending review targets. Executive directors also meet

weekly, where discussion on emerging risks takes place. In addition EMG members are committed to regularly reviewing the major risks for which they are responsible. This year EMG paid particular attention to risk and issue management and held quarterly workshops designed to improve this throughout ONS.

The Finance and Planning Committee (FPC) is chaired by the Chief Finance Officer, and is attended by a mix of executive, corporate and divisional directors. FPC meets regularly to review the financial state of the Office; to act as a challenge to the directors delivering the ONS Efficiency Programme; and to manage the risks associated with the delivery of efficiency targets.

The Departmental Operations Committee (DOC) is chaired by the Director for Registration and Corporate Services and meets regularly to direct ONS policies on HR, business continuity, security and internal communications. It monitors performance on relocation and headcount targets, and manages the associated risks.

Training in risk management is by specialised courses and workshops. This includes guidance on the compilation of risk registers which provides direction for risk escalation.

## The risk and control framework

We have continued the systematisation of statistical processes to reduce our reliance on outdated or legacy IT systems. As detailed last year, the programme has focussed on delivering incremental change, whilst at the same time protecting statistical outputs.

We have a process to identify, evaluate and manage risk built around the themes of

- clear ownership of roles and responsibilities
- corporate systems to identify, report and evaluate risks and their potential impact
- ensuring staff have appropriate skills to identify and assess the potential for risks to arise, and
- a culture to support well managed risk-taking where it is likely to lead to sustainable improvements in service delivery.

The need for quality and reliability in statistical outputs requires ONS to have a relatively low tolerance of risks in business areas. There are components in older systems that require more oversight because they are out of date. Our medium term approach to this risk continues to be the modernisation strategy; where that is not sufficient for the shorter term, more traditional measures continue to be deployed.

Management of risk is embedded in policy making, planning and delivery, through:

- a central risk unit to manage the corporate risk infrastructure and guidance
- a risk register that identifies risks and assesses their potential impact and details actions taken
- a review of corporate risks by the ONS Management Board and Executive Management Group and other corporate committees

- a requirement to consider risk in the business planning process, with high level risks included in the ONS plan, and others identified in lower level (directorate and divisional) plans
- project and programme management process / techniques that require programme and project managers to identify, report on and manage risks.

The EMG takes monthly portfolio reports on the management of investment programmes and projects. These reports include risk management, and the Audit Committee's focus on risk, particularly as identified by internal audit and during the preparation and publication of the Resource Account. During late 2007 Internal audit reviewed risk management in ONS and made recommendations for improvements / strengthening our practices.

Although ONS statistics have a key role to play in the formulation of public policies, our delivery of statistical outputs does not have much direct impact on the public individually. However control over the confidentiality of unit data records is an important issue for both the public and businesses. Maintaining such controls is a key feature of our data management systems and is now embedded in the National Statistics Code of Practice (Principle 5) and the associated Data Access and Confidentiality protocol.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Strategic Reporting and Delivery Unit and the Corporate Risk Management Unit and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Audit Committee is constituted in line with Treasury guidance and 2007/08 is the second year of the operation of the outsourced internal audit function by Companies House internal audit team. Their risk based audit plan was presented to the Audit Committee for approval at their March 2007 meeting and reviewed and revised as necessary at subsequent meetings.

As part of the set up of the Assessment and Designation Work of the new UK Statistics Authority, one of ONS statistical areas was subject to a pilot assessment of its suitability as a National Statistic.

The Office for National Statistics recently underwent a peer review process to see how well it complied with the European Statistics Code of Practice. The Review Team examined how well UK statistics complied with the code. The Team concluded that ONS is fully compliant with 25 of the 35 indicators being assessed against, and is largely compliant with the other 10. It also found a few areas for improvement.

## Significant management and control issues for the Office in 2007/08

Early in 2007/08 the EMG reviewed risk management in ONS. It concluded that the system was basically sound but application across the Office was variable. It also recognised that it needed to take a more active leadership role in the management of risk.

A series of workshops resulted in a revised list of corporate risks covering

- ONS Reputation
- Independence
- Delivery of key outputs:
  - Census 2011
  - National Accounts
  - improved migration statistics
- ONS Funding
- Failure of systems and disaster recovery
- Speed of change
- Skills and capability
- Staff perceptions

EMG also agreed a position statement setting out the principles of risk and issue management in ONS, underpinned by agreements between individual business areas and the Corporate Risk Management Unit (CRMU) on how low risk and issue management will be improved within the business area.

In 2006/07 we made a Reserve Claim to provide for future costs of reducing staffing levels and accommodation in London and the provisions are broadly adequate, but during 2007/08 it became clear that it would take longer to dispose of the remaining accommodation at Drummond Gate and financial reporting standards dictate that we must provide now for future year costs. We regularly discussed this issue with our spending team at the Treasury. This provision was in excess of the amount affordable from our settlement and it was therefore necessary to seek funds from the Reserve.

Following a detailed and full submission of our spending plans the Government, in order to meet the key requirements of independence, transparency and flexibility for the new UK Statistics Authority, announced a decision to guarantee funding for five years to 2011/12, including an allocation for the 2011 Census. ONS has used the certainty provided to prepare plans across that period, but recognises that these will require approval by the incoming Statistics Authority.

We continue to plan for the 2011 Census where ONS has responsibility for the Census of Population and Housing for England and Wales. In June 2007 we held a successful Test and plan a dress rehearsal in 2009, with the full Census in 2011. We will continue to work with the General Register Office for Scotland (GROS) and the Northern Ireland Statistics and Research Agency (NISRA) who have Census responsibilities for Scotland and Northern Ireland.

Following the recent settlement Census now has an agreed funding stream that will take it through to March 2012 and allow more certainty in its planning during the major part of the life of the project.

The 2011 Census has had three consecutive red gateway reviews as outlined in last year's report. Also as reported last year a jointly sponsored healthcheck took place in July 2007 to focus on the new governance, management and control regime and to highlight any additional work to be undertaken before Gateway 3. The healthcheck identified a number of key issues requiring immediate action, in particular; planning, strengthening the project management office, cultural issues and internal communication, and these are now being addressed.

The Gateway 3 (Investment Decision) initially planned for November/December 2007 was deferred due to affordability issues and took place in May 2008 and resulted in an amber status. This Gateway was to allow letting of the major IT contract in support of the Census.

We are continuing to modernise our statistical infrastructure, although we are still reliant on a number of legacy systems.

We also continue with our Civil Registration Review Project (CRRP) where we have addressed issues arising from the Registration on Line (Ron) system and Digitisation of Vital Events (Dove), where delays have had an impact on achievement of efficiency plans. With the creation of the UK Statistics Authority on 1 April 2008, CRRP transferred to the Identity and Passport Service (IPS). IPS has been kept fully informed on the state of this project.

For a number of years we have taken action to reduce staff numbers and manage relocation to meet the challenges of the Gershon and Lyons review respectively and again we have managed the risks that these create to our outputs. The management commentary provides an analysis of achievements against these targets.

The well publicised issues of data security with Government in late 2007 resulted in a review of processes within ONS. As soon as events at HMRC came to light, ONS was able to react both quickly and authoritatively. The Data Stewardship Group (DSG) was able to discuss the issues and commissioned a review of the use of portable media to handle and transmit personal information. This review was completed within 8 days. A cross Government review of data handling was also prompted by the HM Revenue and Customs lost CDs. The scope of this review, lead by Robert Hannigan, has been widened to include measures for managing all types of 'information risk' rather than just data handling risk. 'Information risk' has a wide definition extending from lost CDs through to a failure to exploit fully government's information resources. The outcome of the review will be mandatory measures that prescribe features related to information management in departments. A project team has been established to take forward this work and to ensure ONS compliance with the recommendations within the tight timescales laid down.

A project commenced in 2007/08 to consider outsourcing parts of our Information Management (IM) function that will allow further modernisation of our

IM infrastructure and in part address disaster recovery in our computer rooms. We are working with colleagues in the Cabinet Office and Fujitsu to deliver the outsourcing. The decision was taken to proceed with this and a contract was signed in February 2008.

As reported last year the Office has set up an Independence Programme Board that has worked to consider the implications, including risks, from the setting up of the United Kingdom Statistics Authority.

Other areas considered at the Audit Committee included

- Contract management, where new software has been acquired and plans are in place to improve this activity in both procurement and sales contracts
- Field Force review, where progress following an internal audit review was considered
- Management of change
- An HM Treasury led follow up review into Financial Management at ONS, which was positive, with considerable progress made in key areas
- Disaster Recovery and Business Continuity, which was discussed at a number of meetings where good progress is now being made in addressing identified issues, but a considerable amount of work is still to be done. Work underway on Disaster Recovery will be assisted by the move of some IT services under the Flex contract
- Progress on internal audit reports on the following subjects
  - National Accounts
  - Change Programmes
  - Independence
  - Financial Management and Control
  - Document Security
  - VAT Assurance
  - Census Programme Management
  - Sales Management
  - Enterprise Risk Management



**Karen Dunnell**

Director and Permanent Secretary of ONS.  
National Statistician

9 July 2008

# Remuneration Report

## Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interest of the executive directors and other directors of the Office for National Statistics. These disclosures have been subject to audit.

## Remuneration

Executive Management Group	2007/08	2006/07
Name and title	Salary £000	Salary £000
<b>Karen Dunnell</b> Director and Permanent Secretary of ONS, National Statistician and Registrar General for England and Wales	145–150	140–145
<b>Jil Matheson</b> Director General Statistics Delivery	115–120	110–115
<b>Mike Hughes</b> Corporate Director	100–105	95–100
<b>Rolande Anderson</b> Director General Transformation (took up post on the 10 March 2008)	0–5 (full year equivalent 120–125)	n/a
<b>Paul Woobey</b> Chief Information Officer (took up post 28 August 2007)	70–75 (full year equivalent 125–130)	n/a
<b>Glen Watson</b> Executive Director (took up post 1 October 2007)	90–95	n/a
<b>Guy Goodwin</b> Executive Director (took up post 21 January 2008)	80–85	n/a
<b>Dennis Roberts</b> Executive Director	120–125	120–125
<b>Joe Grice</b> Executive Director	110–115	95–100

<b>Colin Mowl</b> Executive Director	110–115	110–115
<b>Steve Newman</b> Executive Director	115–120	110–115
<b>Stephen Penneck</b> Executive Director	110–115	105–110
<b>Cynthia Clark</b> Executive Director (last day of service 5 September 2007)	50–55 (full year equivalent 100–110)	110–115

<b>ONS Board (Non-executive)</b>	<b>Remuneration £</b>	<b>Remuneration £</b>
<b>Gwen Batchelor</b> Non-executive Director (last day of service 31 March 2008)	1,083	870
<b>Alex Jablonowski</b> Non-executive Director	7,100	13,378
<b>Professor Janet Finch</b> Non-executive Director	5,000	5,000
<b>Sir Robert Culpin</b> Non-executive Director	5,000	5,000

**Note.**

Non-executive directors are paid a flat fee plus expenses and have no pension entitlement.

Rolande Anderson, Director General for Transformation joined ONS on the 10 March 2008. Her salary and pension contributions were made by her old department for all of this financial year. ONS reimbursed CLG £772.

Joe Grice is on loan from the Treasury. The Treasury pays his salary, of which ONS reimburses 100 per cent.

Following the enactment of the Statistics and Registration Act 2007, recruitment for members of a shadow board began in the latter part of 2007. The following section provides details of the remuneration during 2007–08 of the chair, two deputy chairs and other non-executive members of the UK Statistics Authority.

	<b>2007/08</b>	<b>2006/07</b>
<b>Name and title</b>	<b>Salary £000</b>	<b>Salary £000</b>
<b>Sir Michael Scholar</b> Chair-Designate of the UK Statistics Authority Appointed 3 September 2007	85–90 (full year equivalent 150–155)	n/a
<b>Lord Rowe-Beddoe of Kilgetty</b> Deputy Chair of the UK Statistics Authority (ONS) Appointed 1 February 2008	5–10 (full year equivalent 35–40)	n/a
<b>Professor Adrian Smith FRS</b> Deputy Chair of the UK Statistics Authority (Official Statistics) Appointed 1 February 2008	5–10 (full year equivalent 35–40)	n/a
<b>Sir Alan Langlands FRSE</b> Non-executive Director Appointed 1 February 2008	1–5 (full year equivalent 20–25)	n/a

<b>Professor Steve Nickell FBA</b> Non-executive Director Appointed 1 February 2008	1–5 (full year equivalent 20–25)	n/a
<b>Professor David Rhind CBE FRS FBA</b> Non-executive Director Appointed 1 February 2008	1–5 (full year equivalent 20–25)	n/a
<b>Partha Dasgupta</b> Non-executive Director Appointed 1 February 2008	1–5 (full year equivalent 20–25)	n/a
<b>Moira Gibb</b> Non-executive Director Appointed 1 February 2008	1–5 (full year equivalent 20–25)	n/a

## Salary

‘Salary’ includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation.

Karen Dunnell and two of the ONS’ non-executive directors concluded the pay arrangements for ONS Executive and Group Directors. Both committees were supported by Human Resources. ONS Senior Civil Service (SCS) Salary arrangements follow the guidance set by Cabinet Office in response to the Senior Salaries Review Body. SCS Pay is made up of two elements – a consolidated increase to base pay and a non-consolidated bonus payment. Both elements are performance related – whether they are payable and the value of them is determined by an individual’s performance in the previous appraisal year.

This Report is based on payments made by the Department and thus recorded in these accounts.

## Benefits in kind

None of the above received benefits in kind.

## Pension Benefits

Officials	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 as at 31.03.08 and related lump sum	Cash Equivalent Transfer Value at 31.03.07	Cash Equivalent Transfer Value at 31.03.08	Real Increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000
<b>Karen Dunnell</b> Director and Permanent Secretary of ONS, National Statistician and Registrar General for England and Wales	0–2.5 plus 1.0–3.5 lump sum	60–65 plus 185–190 lump sum	n/a	1,569	13
<b>Rolande Anderson</b> Director General Transformation (took up post on the 10 March 2008)	0–2.5 plus 0–2.5 lump sum	40–45 plus 125–130 lump sum	83	84	1
<b>Mike Hughes</b> Corporate Director	0–2.5 plus 3.0–5.5 lump sum	40–45 plus 125–130 lump sum	936	1,082	28
<b>Jil Matheson</b> Director General Statistics Delivery	2.5–5.0 plus 8.0–10.5 lump sum	40–45 plus 125–130 lump sum	768	934	60
<b>Dennis Roberts</b> Executive Director	0–2.5 plus 6.0–8.5 lump sum	50–55 plus 150–155 lump sum	1,011	1,231	50
<b>Joe Grice</b> Executive Director	0–2.5 plus 0–2.5 lump sum	45–50 plus 115–120 lump sum	875	1,024	22
<b>Colin Mowl</b> Executive Director	0–2.5 plus 2.5–5.0 lump sum	50–55 plus 150–155 lump sum	1,137	1,304	22
<b>Steve Newman</b> Executive Director	0–2.5 Premium Pension Scheme	0–5	50	90	29
<b>Stephen Penneck</b> Executive Director	0–2.5 plus 5.5–8.0 lump sum	40–45 plus 130–135 lump sum	846	1,002	27
<b>Cynthia Clark</b> Executive Director	0–2.5 Premium Pension Scheme	0–5	68	75	8
<b>Paul Woobey</b> Chief Information Officer	0–2.5	0–5	2	0	30
<b>Glen Watson</b> Executive Director (took up post 1 October 2007)	0–2.5 plus 2.5–5.0 lump sum	15–20 plus 50–100 lump sum	240	300	17
<b>Guy Goowdin</b> Executive Director (took up post 21 January 2008)	0–2.5 plus 2.5–5.0 lump sum	15–20 plus 50–100 lump sum	236	296	19

The People Pay and Pensions Agency (PPPA) have changed from one method of calculation of pension to another. The CETV calculations produced are within the guidelines prescribed by the Institute and Faculty of Actuaries specifically for the disclosure exercise. Accordingly, for this year's disclosure, the start date figures, may not match last year's end date disclosures.

The posts held by the board members of the UK Statistics Authority are non pensionable.

## Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



.....  
Director and Permanent Secretary of ONS.  
National Statistician

9 July 2008

# Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Office for National Statistics for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the Management Commentary excluding the reconciliation of resource expenditure between estimates, accounts and budgets, and the Director's Report, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the un-audited part of the Remuneration Report and the reconciliation of resource expenditure between estimates, accounts and budgets. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information which comprises the Management Commentary excluding the reconciliation of resource expenditure between estimates, accounts and budgets, and the Director's Report, included within the Annual Report, is consistent with the financial statements.

### Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Report

I have no observations to make on these financial statements.

**T J Burr,**  
*Comptroller and Auditor General*  
July 2008

National Audit Office  
151 Buckingham Palace Road,  
Victoria, London SW1W 9SS

# Statement of Parliamentary Supply

Summary of Resource Outturn 2007/08

		2007/08						2006/07	
		Estimate			Outturn			Outturn	
		£000	£000	£000	£000	£000	£000	£000	
Request for Resources	Note	Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Outturn Compared with Estimate saving/(excess)	Net Total
Providing Statistical and Registration services	3	223,724	(48,548)	175,176	219,012	(46,924)	172,088	3,088	195,502
Total Resources	4	223,724	(48,548)	175,176	219,012	(46,924)	172,088	3,088	195,502
Non-operating A in A				(250)			(23)	(227)	(3,187)

## Net Cash Requirement

		2007/08			2006/07		
		Estimate		Outturn		Outturn	
		£000		£000		£000	
	Note	Estimate	Outturn	Net Outturn Compared with Estimate saving/(excess)	Outturn		
		£000	£000	£000	£000		
Net cash requirement	5	179,088	167,721	11,367	149,630		

### Note

The net cash requirement is lower than the Estimate mainly because of lower capital spending on the Civil Registration Review project and spending on Information Management assets.

The notes on pages 86 to 121 form part of these accounts

# Operating Cost Statement

For the period ended 31 March 2008

	Note	Staff Costs	Other Costs	Income	2006/07 (re-stated)
		£000	£000	£000	£000
<b>Administration Costs</b>					
Staff costs	7	121,982	-	-	121,459
Other administration costs	8	-	96,898	-	118,214
Operating income	10	-	-	(46,924)	(48,703)
<b>Programme Costs</b>					
Staff costs	7	-	-	-	-
Other administration costs	9	-	132	-	5,784
Operating income	10	-	-	-	-
		121,982	97,030	(46,924)	196,754
<b>Net Operating Costs</b>		-	-	172,088	196,754

## Statement of Recognised Gains and Losses

For the period ended 31 March 2008

	Note	2007/08	2006/07
		£000	£000
Net gain on revaluation of Tangible fixed assets	18	6,148	4,646

The notes on pages 86 to 121 form part of these accounts

# Balance Sheet

As at 31 March 2008

		2007/08			2006/07
	Note	£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Assets	11	121,264		121,855	
Intangible Assets	12	<u>3,764</u>		<u>4,499</u>	
			125,028		126,354
Debtors falling due after more than one year	13		142		133
<b>Current Assets</b>					
Debtors	13	9,678		11,019	
Cash at bank and in hand	14	<u>2,435</u>		<u>4,028</u>	
		12,113		15,047	
Creditors (amounts falling due within one year)	15	(20,248)		(27,786)	
<b>Net Current Assets</b>			<u>(8,135)</u>		<u>(12,739)</u>
Total assets less current liabilities			117,035		113,748
Creditors (amounts falling due after more than one year)			-		-
Provisions for liabilities and charges	16		<u>(32,140)</u>		<u>(33,579)</u>
			<u>84,895</u>		<u>80,169</u>
<b>Taxpayers' equity</b>					
General Fund	17		49,561		43,739
Revaluation reserve	18		<u>35,334</u>		<u>36,430</u>
			<u>84,895</u>		<u>80,169</u>



**Karen Dunnell**  
Director and Permanent Secretary of ONS, National Statistician

9 July 2008

The notes on pages 86 to 121 form part of these accounts

# Cash Flow Statement

For the period ended 31 March 2008

		2007/08	2006/07
	Note	£000	£000
Net outflow from operating activities	19(a)	(149,620)	(132,870)
Capital expenditure and financial investment	19(b)	(18,101)	(16,760)
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		-	-
Payments of amounts due to the Consolidated Fund		-	-
Financing	19(d)	<u>166,128</u>	<u>148,792</u>
Decrease in cash in the period		<u>(1,593)</u>	<u>(838)</u>

**The notes on pages 86 to 121 form part of these accounts**

# Statement of Operating Costs by Departmental Aim and Objectives

For the period ended 31 March 2008

	2007/08			2006/07 (re-stated)		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
<b>Aim</b>						
Objective 1 Statistical Services	180,207	(24,388)	155,819	202,274	(25,108)	177,166
Objective 2 Register Services	38,805	(22,536)	16,269	43,183	(23,595)	19,588
<b>Net Operating Costs</b>	<b>219,012</b>	<b>(46,924)</b>	<b>172,088</b>	<b>245,457</b>	<b>(48,703)</b>	<b>196,754</b>

**The department's objectives were as follows:**

Objective 1 – To be an authoritative and trusted publisher of statistics about the UK economy and society; drive the development of National Statistics; contribute to the leadership of the statistical system of the European Union; and ensure that engagement in international statistics is effective in the breadth of issues important to the UK.

Objective 2 – To ensure the efficient and accurate registration of key life events.

**Operating costs have been apportioned on the basis of the gross administration costs split between the objectives.**

**The notes on pages 86 to 121 form part of these accounts**

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2007/08 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practices for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes to show outturn against estimate in terms of the net resource requirement and the net cash requirement. The consolidated Statement of Operating Costs by Departmental Aim and Objectives and supporting notes analyse the department's income and expenditure by the objectives agreed by ministers.

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of the department for the purposes of giving a true and fair view has been selected. The department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current cost.

### 1.2 Fixed assets

Tangible fixed assets include land and buildings, computers and associated equipment, in-house developed software and applications, vehicles, office machinery, furniture and fittings.

Intangible assets consist of proprietary software.

With the exception of PCs, software and office furniture, individual assets must exceed a capitalisation threshold of £2,000 (including VAT) for inclusion as fixed assets.

PCs, software and office furniture items falling below the threshold (£2,000 including VAT) are capitalised as pooled assets.

ONS rents accommodation at Drummond Gate and Myddelton Street in London and Lancaster Court in Titchfield.

Civil Estate property is occupied in Newport, Titchfield, Christchurch and Southport. The land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The last professional valuation took place in April 2005.

Intangible fixed assets are not subject to revaluation.

All tangible fixed assets are re-valued from the quarter of acquisition. Tangible assets are stated at current costs by using indices taken from the ONS publication Price Index Numbers for Current Cost Accounting, with the exception of in-house developed software applications, which use an index developed by our National Accounts Division.

### 1.3 Statistical and registration records

Statistical and registration information has built up over many years and is stored for reference purposes. No attempt is normally made to value this data, as there is no realistic way of doing so that would arrive at a meaningful valuation. However, the recently digitised registration records are valued based on the cost of acquisition and are included in the balance sheet as fixed assets at 31 March 2008.

The cost of storing and maintaining the data has been charged to the Operating Cost Statement as incurred.

### 1.4 Depreciation

Civil Estate Land is not depreciated.

Depreciation is calculated so as to write off the re-valued cost of assets over the estimated useful economic life, as follows:

Computers	4–7 years
In-house developed software and applications	9 years
Office machinery, furniture and fittings	4–10 years
Motor vehicles	5 years
Building and refurbishment	Remaining life of the lease or, for civil estate, remaining balance of professionally allocated useful economic life

The life of each category of each asset is reviewed annually.

Purchased computer software licenses are capitalised as intangible assets. Where the expenditure exceeds the capitalisation threshold of £2,000 including VAT assets are listed individually. Licenses below the threshold value are listed as pooled assets. Software licenses are amortised over their useful economic life.

A full year depreciation is charged in the year of acquisition and none in the year of disposal with the exception of in-house developed assets (software and building refurbishments) which are treated as follows:

Depreciation is charged as a percentage of the yearly charge as the asset is ready for use.

Qtr1	100% of the yearly charge
Qtr2	75% of the yearly charge
Qtr3	50% of the yearly charge
Qtr4	25% of the yearly charge

In the year of disposal depreciation is charged up to the month of disposal.

## 1.5 Assets in the course of construction

This consists of certain property related refurbishment expenditure and the development of in-house bespoke software applications. These costs are capitalised on completion in keeping with FRS15 and depreciated and revalued in accordance with the policies above.

## 1.6 Research and development

ONS undertakes certain research into statistical and survey methodology. Costs are charged to the Operating Cost Statement as they arise.

## 1.7 Operating income

Operating income comprises of invoiced value of services supplied to the private sector, the wider public sector and other government departments. Prices are calculated in accordance with *Managing Public Money* published by the Treasury and aim to recover the full economic cost of their production.

## 1.8 Leases

ONS has no finance leases.

## 1.9 Administrative and programme expenditure

The costs of the Department excluding capital costs are classed as administration expenditure with the exception of a small amount of money classed as programme expenditure as a result of work transferred as part of a Machinery of Government Transfer from the Department for Business, Enterprise & Regulatory Reform (BERR).

## 1.10 Capital charge

The financial structure of ONS does not include specific interest-bearing debt; to ensure the Operating Cost Statement bears an appropriate charge for the use of capital in the business year, a notional charge is included. In accordance with Treasury guidance, the calculation is based of a 3.5 per cent rate of return on average of net current assets employed at closing balance sheet values. For tangible, intangible and assets under construction the capital charge is calculated on their net book value.

## 1.11 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

Where considered material, assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rate ruling at the Balance Sheet date.

## 1.12 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes that are described in note 7 and in the department Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory, except in respect of dependants' benefits. The department recognises the expected costs of these elements on a systematic and rational basis over a period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on PCSPS. In respect of the defined contribution elements of the schemes, the department recognises the contribution payable for the year.

### **1.13 Early departure costs**

ONS is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. ONS provides in full for these costs whenever there is commitment to early retirements. This includes costs arising out of the decision in 2006/07 to reduce staffing in London to approx 100 by March 2010.

### **1.14 VAT**

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.15 Provisions**

Longer term provisions are discounted at the rate published by HM Treasury. These provisions are reviewed each year.

## 2. Transfer of function

During the course of 2007/08 one function transferred to ONS as a 'Machinery of Government' change covering the work on collecting and publishing statistics on the construction industry. These statistics measure the economic activity of the construction industry. In the Spring Supplementary Estimate, net resources and cash were increased by £1,272,000 in respect of this transfer from the Department for Business, Enterprise and Regulatory Reform (BERR).

The actual costs of this function were:

	2007/08	2006/07
	£000	£000
Salaries	718	730
Travel and subsistence	7	8
Hospitality	3	-
General Administration and overhead costs	50	44
Telecommunications	1	5
Stationary	12	3
Consultancy	371	314
Programme costs	132	148
	<hr/>	<hr/>
	1,294	1,252

### 3. Analysis of net resource outturn by section

For the period ended 31 March 2008

						2007/08	2006/07		
						Outturn	Estimate		
	Admin	Other current	Current Grants	Gross Resource Expenditure	A-in-A	Net Total	Net Total	Net Total Compared with Estimate	Prior-year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for resources 1: Providing statistical and registration services</b>									
Central Government									
Spending									
Section A. Administration									
(gross control)	218,880	132	-	219,012	(46,924)	172,088	175,176	3,088	195,502
Resource Outturn	218,880	132	-	219,012	(46,924)	172,088	175,176	3,088	195,502

Detailed explanation of variances are in the Management Commentary.

## 4. Reconciliation of outturn to net operating cost and against Administration Budget

For the period ended 31 March 2008

### 4(a) Reconciliation of net resource outturn to net operating cost

	Note	Outturn £000	Supply Estimate £000	2007/08 Outturn compared with Estimate £000	2006/07 (re-stated) Outturn £000
Net resource outturn	3	172,088	175,176	3,088	195,502
Prior period adjustments		-	-	-	1,252
Non-supply income (CFERs)		-	-	-	-
Non- supply expenditure		-	-	-	-
<b>Net operating cost</b>		<b>172,088</b>	<b>175,176</b>	<b>3,088</b>	<b>196,754</b>

### 4(b) Outturn against final Administration Budget

	Budget £000	2007/08 Outturn £000	2006/07 Outturn £000
Gross Administration Budget	223,572	219,012	238,569
Income allowable against the Administration Budget	(48,548)	(46,924)	(48,703)
<b>Net outturn against final Budget</b>	<b>175,024</b>	<b>172,088</b>	<b>189,866</b>

## 5. Reconciliation of resources to cash requirement

For the period ended 31 March 2008

	Note	Estimate £000	Outturn £000	Net total Outturn compared with estimate: saving/(excess) £000
<b>Resource outturn</b>		175,176	172,088	3,088
<b>Capital</b>				
Acquisition of fixed assets	19	27,830	15,347	12,483
<b>Non operating A in A</b>				
Proceeds from fixed asset disposals	19	(250)	(23)	(227)
<b>Accruals Adjustments</b>				
Non-cash items	8	(30,940)	(31,858)	918
Changes in working capital other than cash		(1,228)	4,231	(5,459)
Payments from provision	16	8,500	7,936	564
<b>Net cash requirement</b>		<b>179,088</b>	<b>167,721</b>	<b>11,367</b>

### Note

The differences between the Estimate and the Outturn are explained in the note to the Statement of Parliamentary Supply.

## 6. Non-operating A in A income

For the period ended 31 March 2008

			2007/08	2006/07
	Note	Estimate	Outturn	Outturn
		£000	£000	£000
Proceeds on disposal of fixed assets	19	(250)	(23)	(3,187)
Non-operating A in A income		(250)	(23)	(3,187)

### Note

The proceeds for this year are mainly from the disposal of motor vehicles. In 2006/07 they were mainly from the disposal of office space/buildings.

## 7. Staff numbers and related costs

For the period ended 31 March 2008

### 7 (a) Staff costs consist of

	2007/08			2006/07 (re-stated)
	Total £000	Permanently employed staff £000	Others £000	Total £000
Wages and salaries	83,777	79,849	3,928	84,370
Social security costs	5,949	5,903	46	6,060
Other pension costs	14,468	14,379	89	14,818
<b>Sub total</b>	<b>104,194</b>	<b>100,131</b>	<b>4,063</b>	<b>105,248</b>
Fee-paid Interviewers	17,070	17,070	-	15,298
Machinery of Government Transfer 2006/07	-	-	-	183
Machinery of Government Transfer 2007/08	718	685	33	730
<b>Total</b>	<b>121,982</b>	<b>117,886</b>	<b>4,096</b>	<b>121,459</b>
Less recoveries in respect of outward secondments	(272)	(272)	-	(246)
<b>Total net costs</b>	<b>121,710</b>	<b>117,614</b>	<b>4,096</b>	<b>121,213</b>

#### Notes

In addition to the above £1,533,000 (£1,289,000 2006/07) of salary costs have been charged to capital and are not included in the Operating Cost Statement. An analysis by capital project is provided in note 7c.

Recoveries of £272,000 (2006/07: £246,000) in respect of outward secondments are included in the administrative income shown on note 10.

#### Pensions

The Principal Civil Service Pension Schemes (PCSPS), is an unfunded multi-employer defined benefit schemes, but the Office for National Statistics is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2007/08, employers' contributions of £16,647,834 were payable to the PCSPS (2006/07: £16,151,608) at one of four rates in the range of 17.1 to 25.5 per cent (2006/07: 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews contributions every four years following a full scheme valuation. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt for a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £203,360 (2006/07 £172,276) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2006/07: 3 to 12.5 per cent) of pensionable pay. In addition, employer contributions of £14,434 (0.8 per cent; 2006/07: £13,127, 0.8 per cent) of pensionable pay were payable to PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £18,570 (2006/07: £14,284). Contributions prepaid at that date were nil.

7 persons (2006-07: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2006-07: £0). These costs are centrally funded by the Civil Service Vote managed by the PPPA.

The average number of whole-time equivalent persons employed during the year was as follows

### 7(b) Staff numbers

	2007/08			2006/07
	Total FTE	Permanently employed staff FTE	Number Others FTE	Number Total FTE
Objective				
Statistical services	3,174	3,105	69	3,247
Register services	866	848	18	926
Total	4,040	3,953	87	4,173

#### Notes

The staff numbers were averaged out on a month by month basis and relate to the number of staff on the payroll each month. On the 28th of March 2008 48 full time equivalent staff transferred to Fujitsu as part of the outsourcing of certain IT functions.

### 7(c) Capitalised staff costs

	2007/08		2006/07	
	Costs £000	FTEs	Costs £000	FTEs
Registration Projects	431	39	642	15
Computer configurations	272	3	-	-
Odyssey (SMP)	830	16	647	15
Total	1,533	58	1,289	30

## 8. Other administration costs

For the period ended 31 March 2008

	2007/08		2006/07 (re-stated)	
	£000	£000	£000	£000
<b>Rentals under Operating leases</b>				
Hire of plant and machines	294		258	
Other operating leases	7,046	7,340	7,692	7,950
<b>Non-cash items</b>				
Depreciation	21,925		16,441	
Downward revaluation	735		1,650	
(Profit)/loss on disposal of fixed assets	137		(12)	
Write off of aged debtors and credit notes	213		268	
Interest on Working Capital	2,884		3,471	
Auditor's remuneration and expenses	60		55	
Provisions	5,903		31,651	
Treasury funded early retirement	1	31,858	21	53,545
Travel and subsistence		6,519		6,286
Hospitality		197		208
Consultancy	12,161		11,187	
Ex-gratia payments	121		31	
Exchange rate gains and losses	(145)		26	
Information technology	8,806		6,616	
Accommodation	12,368		12,296	
Other Expenditure	4,398		3,329	
External Training	1,295		1,150	
Miscellaneous Fees	4,212		6,115	
Payments for carrying out surveys	3,090		3,593	
Stationery	1,630		2,413	
Postage	1,100		1,650	
Telecommunications	1,948		1,819	
		50,984		50,225
<b>Total</b>		<b>96,898</b>		<b>118,214</b>

### Notes

In year currency gains of £145,000 is attributable to a sale of 1,121,864 Euros resulting in an exchange rate gain of £46,008, a £47,596 net gain resulting from transactions conducted in year and £51,396 from the year end revaluation of outstanding Euro balances.  
Ex-gratia payments include £6,141 compensation due to ONS.

## 9. Programme Costs

For the period ended 31 March 2008

	2007/08	2006/07 (re-stated)
	£000	£000
Postal charges from the Machinery of Government Transfer incurred by the Department for Business, Enterprise & Regulatory Reform (BERR)	132	148
Loss on Bessborough Disposal	-	4,950
One off End of Year Flexibility allocation to meet Voluntary Early Severance costs	-	686
	<hr/> 132	<hr/> 5,784

## 10. Income

For the period ended 31 March 2008

	2007/08	2006/07
	£000	£000
Administration income	2,879	3,165
Sales of registration certificates	15,943	17,289
Other register services	5,881	5,661
Sales of statistical data	9,860	9,692
Provision of social surveys	11,515	12,016
EU income	846	880
	<b>46,924</b>	<b>48,703</b>

An analysis of income from services provided to external and public sector customers is as follows

	External	Public Sector	2007/08 Total	External	Public Sector	2006/07 Total
	£000	£000	£000	£000	£000	£000
Administration income	427	2,452	2,879	542	2,623	3,165
Statistical services	4,455	16,919	21,374	4,065	17,643	21,708
Register services	15,898	5,927	21,825	17,301	5,649	22,950
EU Income	846		846	880		880
	<b>21,626</b>	<b>25,298</b>	<b>46,924</b>	<b>22,788</b>	<b>25,915</b>	<b>48,703</b>

## 11. Tangible fixed assets and assets under construction

### 11(a) Tangible fixed assets

For the period ended 31 March 2008

	Land and buildings	In-house developed software applications	Computers	Motor Vehicles	Office Machinery	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation at 31 March 2007</b>	82,256	23,295	21,066	179	4,261	9,184	140,241
Additions	4	-	727	40	166	1,267	2,204
Transfers from assets under construction	7,908	26,170	646	-	-	-	34,724
Reclassification	-	-	(85)	-	85	-	-
Disposals	(23,299)	-	(364)	(64)	(709)	-	(24,436)
Revaluation	6,212	1,271	(735)	-	207	269	7,224
<b>Valuation at 31 March 2008</b>	73,081	50,736	21,255	155	4,010	10,720	159,957
<b>Depreciation provision at 31 March 2007</b>	21,481	2,857	15,656	76	3,306	3,722	47,098
Charge in year	10,991	4,499	2,896	32	561	1,114	20,093
Reclassification	-	-	(39)	-	39	-	-
Disposals	(23,299)	-	(350)	(38)	(589)	-	(24,276)
Revaluation	1,467	106	-	-	128	111	1,812
<b>Depreciation Provision at 31 March 2008</b>	10,640	7,462	18,163	70	3,445	4,947	44,727
<b>Net book value at 31 March 2007</b>	60,775	20,438	5,410	103	955	5,462	93,143
<b>Net book value at 31 March 2008</b>	62,441	43,274	3,092	85	565	5,773	115,230
Asset Financing							
Freehold ownership	61,740	-	-	-	-	-	61,740
Leasehold ownership (under 50 yrs)	701	-	-	-	-	-	701
Owned	-	43,274	3,092	85	565	5,773	52,789
<b>Net book value at 31 March 2008</b>	62,441	43,274	3,092	85	565	5,773	115,230

#### Notes

Included in the £2,204,000 of additions are £181,000 worth of capital creditors. The capital creditors brought forward from 2006/07 amounted to £729,000.

The properties at Titchfield, Christchurch, Newport and Southport were professionally valued as at 1st April 2005 by Debenham Tie Leung, an external valuer, qualified to undertake these valuations. The valuations were prepared in accordance with the appropriate sections of the Practice Statements (PS) and the United Kingdom Practice Statements (UKPS) contained within the RICS Appraisal and valuation Standards.

In 2007/08 ONS announced further relocations from London which allowed the relocation of all London based staff to the Family Record Centre in Islington in April 2008.

As a result of the decision to transfer part of Information Management activities to FUJITSU under the Flex programme a number of computer assets will be replaced by the end of March 2009 and these assets have been re-lifed accordingly.

## 11(b) Assets Under Construction

	Computer configurations	Registration projects	Building refurbishments	Odyssey (SMP) projects	NeSS projects	Total
	£000	£000	£000	£000	£000	£000
Opening balance at 1 April 2007	88	10,032	3,070	12,861	2,661	28,712
In year expenditure	970	3,738	5,561	1,777	-	12,046
Write off	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers to fixed assets	(646)	(13,309)	(7,908)	(12,861)	-	(34,724)
Closing balance at 31 March 2008	412	461	723	1,777	2,661	6,034

### Notes

The in year expenditure of £12,046,000 includes £1,980,000 worth of capital creditors. The amount of capital creditors brought forward from 2006/07 was £4,055,000.

The transfer to fixed assets relates to building refurbishments and in-house developed software.

## 12. Intangible fixed assets

For the period ended 31 March 2008

	Software licences
	£000
<b>Valuation at 31 March 2007</b>	10,827
Additions	1,097
Transfers from assets under construction	-
Reclassifications	-
Disposals	-
Revaluation	-
Valuation at 31 March 2008	<u>11,924</u>
<b>Amortisation provision at 31 March 2007</b>	6,328
Charge in year	1,832
Disposals	-
Reclassifications	-
Revaluation	-
Amortisation provision at 31 March 2008	<u>8,160</u>
<b>Net book value at current cost</b>	
At 31 March 2008	3,764
At 31 March 2007	4,499

### Note

Included in the £1,097,000 is £154,826 capital creditors. The amount of capital creditors brought forward from 2006/07 is £309,000.

## 13. Debtors

### 13(a) Analysis by type

For the period ended 31 March 2008

	2007/08	2006/07
	£000	£000
Amounts falling due within one year		
Value Added Tax	822	1,094
Trade debtors	3,743	4,686
Deposits and advances	242	348
Prepayments and accrued income	4,871	4,891
	9,678	11,019
Amounts falling due after more than one year		
Deposits and advances	142	133
<b>Total Debtors at 31 March</b>	<b>9,820</b>	<b>11,152</b>

### 13(b) Intra-government balances

For the period ended 31 March 2008

	Debtors: amounts falling due within one year		Debtors: amounts falling due after more than one year	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Balances with other central government bodies	4,287	5,234	-	-
Balances with local authorities	702	1,291	-	-
Balances with NHS Trusts	323	64	-	-
Balances with Eurostat	1,208	885	-	-
	6,520	7,474	-	-
Balances with bodies external to government	3,058	3,197	-	-
Balances with staff	100	348	142	133
<b>Total Debtors at 31 March</b>	<b>9,678</b>	<b>11,019</b>	<b>142</b>	<b>133</b>

## 14. Cash at bank and in hand

For the period ended 31 March 2008

	2007/08	2006/07
	£000	£000
Balance at 1 April	4,028	4,866
Net cash outflow	<u>(1,593)</u>	<u>(838)</u>
Balance at 31 March	<u>2,435</u>	<u>4,028</u>
The following balances at 31 March were held at		
Office of HM Paymaster General	2,410	3,945
Commercial banks and cash in hand	<u>25</u>	<u>83</u>
	<u>2,435</u>	<u>4,028</u>

## 15. Creditors

For the period ended 31 March 2008

### 15(a) Analysis by type

	2007/08	2006/07
	£000	£000
Amounts falling due within one year		
Other taxation and social security	2,506	3,728
Trade creditors	2,111	6,724
Other creditors	-	-
Accruals and deferred income	13,196	13,306
Amounts issued from the Consolidated Fund for supply but not spent at period end	2,435	4,028
<b>Total Creditors at 31 March</b>	<b>20,248</b>	<b>27,786</b>

### 15(b) Intra-government balances

	Creditors: amounts falling due within one year		Creditors: amounts falling due after more than one year	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Balances with other central government bodies	6,231	10,619	-	-
Balances with local authorities	7	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with Eurostat	148	62	-	-
	6,386	10,681	-	-
Balances with bodies external to government	13,862	17,105	-	-
Balances with staff	-	-	-	-
<b>Total Creditors at 31 March</b>	<b>20,248</b>	<b>27,786</b>	<b>-</b>	<b>-</b>

## 16. Provisions for liabilities and charges

For the period ended 31 March 2008

	Early Departure Costs	Onerous Contracts	Bessborough Rent	Retention Allowance	Relocation costs	FRC Dilapidation	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2007	25,708	-	4,065	1,712	1,646	-	448	33,579
Provided in year	-	6,195	-	-	-	917	610	7,722
Provisions not required written back	(630)	-	-	(416)	(270)	-	(210)	(1,526)
Provisions utilised in the year	(5,976)	-	(1,343)	(211)	(406)	-	-	(7,936)
Unwinding of discount	209	-	92	-	-	-	-	301
Balance as at 31 March 2008	19,311	6,195	2,814	1,085	970	917	848	32,140

### Notes

#### Early Departure Costs

The department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the normal retirement date. The department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments.

In 2006/07 it was announced that staff numbers in London would reduce to about 100 by the end of 2009/10, and a provision has been made for early retirement of those staff allowing for those who leave by other means, such as transfer, relocation or resignation.

#### Onerous Contracts

Two onerous contracts have been provided for at 31 March 2008. Further information on these is provided below:

##### Drummond Gate Onerous Contract

As part of the decision to relocate all remaining London staff for Myddelton Street, Drummond Gate will be vacated in June 2008. As yet no tenant has been found and therefore a provision is being created to recognise the costs that will be incurred in 2008/09 whilst the marketing continues.

This provision was funded in part by a Reserve Claim agreed by HM Treasury and submitted as part of the Spring Supplementary Estimate, which was laid before Parliament.

##### Lancaster Court Onerous Contract

The Office leases buildings at Lancaster Court in Titchfield that are surplus to its requirements, and currently sub-leases those to a third party who have given notice to terminate the sublease. It is anticipated that the buildings could be empty for up to 18 months while a new tenant is sought, and this provision recognises the cost during that period.

#### Bessborough Rent

In June 2006 ONS disposed of the Bessborough and Rampayne annexes to its Drummond Gate Office in London as reduced staff numbers had led to a need for less office accommodation. As part of the agreement the tenant was allowed a rent free period.

#### Retention Allowance

As a result of the Lyons and Gershon reports, a provision has been created to pay retention allowances to key London staff to maintain business continuity during the relocation.

#### Relocation Costs

As a result of the Lyons and Gershon reports, decisions were taken to relocate a number of staff from Titchfield and London. This provision represents an estimate of the costs outstanding from 2007/08 and costs expected to be incurred, and now includes additions to reflect the extension of plans to 2009/10.

#### FRC Dilapidations

The Office has plans to reduce London staff to about 100 by March 2010. The remaining staff will be based at the former Family Records Centre in Myddelton Street. This building will initially hold over 300 staff and in the longer term is too large based on staff projections. We therefore plan to give notice to leave at the next lease break, when ONS would expect to have to pay a sum in respect of dilapidations.

**Other**

Other provisions include:

**Eurostat**

The department has been advised by Eurostat that it intends to launch proceedings to recover amounts paid on a selection of grants to ONS following an ex-post control audit. ONS in line with many other European National Statistical Institutes, have been deemed to have been overpaid due to ineligibility of some of the costs claimed according to the rules of the agreement, and are unable to provide supporting documentation due to the passage of time.

**Employment Tribunal**

The department has two employment tribunal cases pending and has created a provision to meet the costs associated with any decisions that might go against it.

**Fixed Term Appointment Contract Termination Costs**

Certain staff were employed on fixed term contracts. Since their employment the Fixed Term Regulations has given them an entitlement to statutory redundancy payments, if the reason for non renewal of their contract was redundancy.

**Lease Penalty Clause**

As a result of an exercise to review our design, print and despatch operations in 2006/07, some machinery was expected to become surplus to requirement and returned early to the lease provider resulting in a penalty cost. This review did go forward and the machinery is now to be retained and therefore this provision is no longer required.

**Excess Fares**

As part of the move to Myddelton Street, London staff are entitled to receive payment for a limited period for excess fares incurred travelling to their new place of work.

**FLEX TUPE Pension**

As part of the FLEX outsourcing deal, staff transferring to Fujitsu can either transfer their pension to Fujitsu or leave their accrued pension with the Civil Service. Where they decide to transfer the pension the Office has to make a payment to "top-up" the value of their pension. Although staff transferred on March 2008 have a limited period in which to make the decision whether to transfer their pensions, and this provision is an estimate of the Office's liability.

## 17. General Fund

For the period ended 31 March 2008

	2007/08		2006/07 (re-stated)
	£000	£000	£000
<b>Balance at 1 April</b>		43,739	80,838
Prior period adjustment		-	1,252
Adjusted opening balance		43,739	82,090
Net parliamentary funding:			
Drawn down	166,128		148,792
Deemed	<u>4,028</u>	170,156	<u>4,866</u>
<b>Net from operating activities</b>			
Net operating cost		(172,088)	(196,754)
Interest on working capital	2,884		3,471
Audit fee	60		55
Treasury funded early retirement	<u>1</u>	2,945	<u>22</u>
Transfer to General Fund in respect of realised element of revaluation reserve		7,244	5,225
Consolidated Fund creditor for cash unspent		<u>(2,435)</u>	<u>(4,028)</u>
<b>Balance at 31 March</b>		<u>49,561</u>	<u>43,739</u>

## 18. Revaluation reserve

For the period ended 31 March 2008

	2007/08	2006/07
	£000	£000
<b>Balance at 1 April</b>	36,430	37,009
Arising on revaluation during the course of the year (net)	6,148	4,646
Transfer to General Fund in respect of realised element of revaluation reserve	<u>(7,244)</u>	<u>(5,225)</u>
<b>Revaluation reserve at 31 March</b>	<u>35,334</u>	<u>36,430</u>

## 19. Notes to the Cash Flow Statement

For the period ended 31 March 2008

### 19(a) Reconciliation of operating cost to operating cash flows

		2007/08	2006/07
	Note	£000	£000
Net operating cost	4	172,088	195,502
Adjustment for non-cash items	8	(31,858)	(53,545)
Loss on disposal of Bessborough	9	-	(4,950)
Increase/(decrease) in debtors	13	(1,332)	62
Less non cash movements in debtors		(382)	-
less movement in debtors relating to items not passing through OCS	12	-	-
(Increase)/decrease in creditors	15	7,538	(9,727)
less movement in creditors relating to items not passing through OCS	11,12 & 14	(4,370)	1,782
Utilisation of provisions	16	7,936	3,746
<b>Net cash outflow from operating activities</b>		<b>149,620</b>	<b>132,870</b>

### 19(b) Analysis of capital expenditure and financial investment

		2007/08	2006/07
	Note	£000	£000
Tangible fixed assets additions	11	2,752	2,323
Assets under construction additions	11	14,121	16,182
Intangible fixed asset additions	12	1,251	1,442
Proceeds of disposal of fixed assets	8 & 11a	(23)	(3,187)
<b>Net cash flow for capital expenditure and financial investment</b>		<b>18,101</b>	<b>16,760</b>

### 19(c) Analysis of capital expenditure and financial investment by request for resources-1

		Capital Expenditure	Loans etc	A in A	Net Total
	Note	£000	£000	£000	£000
Request for resources-1	11 & 12	15,347	-	(23)	15,324
Net movement in debtors/creditors		2,777	-	-	2,777
Total 2007/08		18,124	-	(23)	18,101
Total 2006/07		19,947	-	(3,187)	16,760

### 19(d) Analysis of financing

	2007/08	2006/07
	£000	£000
From the consolidated fund (Supply): current year	166,128	148,792
From the consolidated fund (Supply): prior year	-	-
Advances from the contingencies fund	-	-
Repayments to the contingencies fund	-	-
Net Financing	166,128	148,792

### 19(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2007/08	2006/07
	£000	£000
Net Cash Requirement	(167,721)	(149,630)
Net cash flows other than financing	166,128	148,792
CFERs received in a prior year and paid over	-	-
CFERs received and not paid over	-	-
Increase/(decrease) in cash	(1,593)	(838)

## 20. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

For the period ended 31 March 2008

### Capital employed by departmental aim and objectives at 31 March 2008

	2007/08	2006/07
	£000	£000
Objective 1 Statistical service	95,969	93,273
Objective 2 Register services	21,066	20,475
	<hr/> 117,035	<hr/> 113,748

The capital employed (net assets) has been apportioned on the basis of the gross administration cost split between the two objectives

## 21. Capital commitments

For the period ended 31 March 2008

	2007/08	2006/07
	£000	£000
Contracted building refurbishments commitments as at 31 March 2008 for which no provision has been made	222	11,410
	222	11,410

### Notes

The capital commitments are in respect of building refurbishment.

## 22. Commitments under operating leases

For the period ended 31 March 2008

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2007/08		2006/07	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
1 year	88	65	3	-
2-5 years	1,609	224	4,196	266
After 5 years	4,410	-	1,930	-
	6,107	289	6,129	266

## 23. Other financial commitments

For the period ended 31 March 2008

The department has entered into non-cancellable contracts (which are not leases or PFI contracts, for full Information Management Operational Support & Infrastructure. The payments to which the department is committed during 2007–08

	2007/08
	£000
Expiry within 1 year	5,535
Expiry within 2–5 years	34,407
Expiry thereafter	-
	<hr/>
	39,942
	<hr/>

## 24. Financial instruments

For the period ended 31 March 2008

### Risk management objectives and policies

The Financial Reporting Standard 13, Derivatives and Other Financial Instruments, requires a disclosure of the objectives and policies of an entity in holding financial instruments, and the role financial instruments have had during the period. As permitted by FRS13, debtors and creditors that mature or become payable within 12 months from the balance sheet date have been omitted from these disclosures. ONS is largely non-trading business and the nature of its activities is not exposed to the financial risk that would be typical of listed companies to which FRS 13 mainly applies.

### Liquidity risk

ONS's net revenue resource requirements are financed by resources voted annually by Parliament, as largely is its capital expenditure. It is not, therefore, exposed to significant liquidity risks, and the department has no need to maintain commercial borrowing facilities.

### Interest rate risk

ONS has no material financial assets or financial liabilities carrying variable rates of interest and it is not therefore exposed to significant interest rate risk.

### Currency risk

Due to the small amount of transactions in foreign currency it is not cost effective to hedge against foreign exchange risk.

For the period ended 31 March 2008

	Non-interest bearing financial assets	2007/08 Non-interest bearing financial liabilities	Non-interest bearing financial assets	2006/07 Non-interest bearing financial liabilities
	£000	£000	£000	£000
Euro	628	(26)	724	(25)
US Dollars	-	-	-	-
Gross financial assets/liabilities	628	(26)	724	(25)

### Credit risk

Long-term debtors are fully recoverable and therefore there is no material credit risk.

### Financial liabilities

All of ONS's financial liabilities are interest free, and mature within one year or less, or on demand, except for certain provisions as described below. The maturity profile of provisions are set out below.

	Early Departure Costs	Onerous Contracts	Bessborough Rent	Retention Allowance	Relocation Costs	FRC Dilapidation	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
a) in one year or less	7,189	6,037	1,315	1,085	605	-	693	16,924
b) in more than one year, but not more than two years	5,981	158	1,287	-	365	-	96	7,887
c) in more than two years, but not more than five years; and	3,766	-	212	-	-	917	59	4,954
d) in more than five years	2,375	-	-	-	-	-	-	2,375

All material financial liabilities are carried at their fair value, and are denominated in sterling.

### Financial assets

The department's financial assets comprise its long-term debtors as set out in note 13 and cash at bank and in hand as set out in note 14. All financial assets are non-interest bearing. Cash at bank and in hand is available on demand. Long-term debtors are expected to be realised in two to ten years. All financial assets are carried at their fair value, and are denominated in sterling.

## 25. Contingent liabilities

For the period ended 31 March 2008

There are a few outstanding Employment Tribunal cases against ONS in relation to closure of the Family Records Centre for which the office has a contingent liability of £70,000. Legal advice received to date has indicated that a ruling against ONS is possible rather than probable and therefore the liability has been included as a contingent liability rather than a provision at the balance sheet date.

## 26. Special payments and losses

For the period ended 31 March 2008

ONS has suffered losses amounting to £18,229 during 2007/08 (2006/07: £33,864)

ONS has paid out £126,789 of ex-gratia payments during 2007/08 (2006/07: £31,117)

This balance includes £49,709 of compensation payments made to local authorities as a result of system performance issues with Registration Online (RON).

## 27. Related party transactions

For the period ended 31 March 2008

ONS has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Treasury, the Department for Communities and Local Government (CLG), the Department for Business, Enterprise & Regulatory Reform (BERR), Education and Work and Pensions.

During the period reported one key member of staff, Alex Jablonowski, a non-executive director at Companies House, the Service Personnel, Wilton Park and Veterans Agency and holds various non-executive board positions within the Department for Transport including the Highways Agency and the Driver Vehicle Operator Group, had related party connections. None of the board members and key management staff or other related parties has undertaken any material transactions.

## 28. Post Balance Sheet events

For the period ended 31 March 2008

On the 1st of April 2008 following the enactment of the Statistics and Registration Service Act 2007 the General Register Office(GRO) transferred to the Identity and Passport Service, part of the Home Office, and the National Health Service Central Register (NHSCR) transferred to the Information Centre, part of the National Health Service.

The estimated impact of these changes on the Operating Cost Statement and Balance Sheet is shown below.

### Office for National Statistics Operating Cost Statement

For the period ended 31 March 2008

	Staff Costs	Other Costs	Income
	£000	£000	£000
<b>Administration Costs</b>			
Staff costs	105,208	-	-
Other administration costs	-	86,724	-
Operating income	-	-	(24,779)
<b>Programme Costs</b>			
Staff costs	-	-	-
Other administration costs	-	132	-
Operating income	-	-	-
	105,208	86,856	(24,779)
Net Operating Costs	-	-	167,285

### Office for National Statistics Balance Sheet

As at 31 March 2008

	2007/08	
	£000	£000
<b>Fixed Assets</b>		
Tangible Assets	98,569	
Intangible Assets	2,799	
		101,368
Debtors falling due after more than one year		142
<b>Current Assets</b>		
Debtors	7,901	
Cash at bank and in hand	2,435	
	10,336	
Creditors (amounts falling due within one year)	(17,010)	
<b>Net Current Assets</b>		(6,674)
Total assets less current liabilities		94,836
Creditors (amounts falling due after more than one year)		
Provisions for liabilities and charges		(32,000)
		62,836
<b>Taxpayers' equity</b>		
General Fund		28,943
Revaluation reserve		33,893
		62,836

## Identity Passport Service Operating Cost Statement

For the period ended 31 March 2008

	Staff Costs	Other Costs	Income
	£000	£000	£000
<b>Administration Costs</b>			
Staff costs	13,919	-	-
Other administration costs	-	9,790	-
Operating income	-	-	(17,731)
<b>Programme Costs</b>			
Staff costs	-	-	-
Other administration costs	-	-	-
Operating income	-	-	-
	13,919	9,790	(17,731)
Net Operating Costs	-	-	5,978

## Identity Passport Service Balance Sheet

As at 31 March 2008

		2007/08
	£000	£000
<b>Fixed Assets</b>		
Tangible Assets	22,517	
Intangible Assets	965	
		23,482
Debtors falling due after more than one year		
<b>Current Assets</b>		
Debtors	632	
Cash at bank and in hand	-	
	632	
Creditors (amounts falling due within one year)	(3,222)	
<b>Net Current Assets</b>		(2,590)
Total assets less current liabilities		20,892
Creditors (amounts falling due after more than one year)		
Provisions for liabilities and charges		(140)
		20,752
<b>Taxpayers' equity</b>		
General Fund		19,315
Revaluation reserve		1,437
		20,752

## NHS Information Centre Operating Cost Statement

For the period ended 31 March 2008

	Staff Costs	Other Costs	Income
	£000	£000	£000
<b>Administration Costs</b>			
Staff costs	2,855	-	-
Other administration costs	-	384	-
Operating income	-	-	(4,414)
<b>Programme Costs</b>			
Staff costs	-	-	-
Other administration costs	-	-	-
Operating income	-	-	-
	2,855	384	(4,414)
Net Operating Costs	-	-	(1,175)

## NHS Information Centre Balance Sheet

As at 31 March 2008

	2007/08	
	£000	£000
<b>Fixed Assets</b>		
Tangible Assets	178	
Intangible Assets	-	
		178
Debtors falling due after more than one year		
<b>Current Assets</b>		
Debtors	1,145	
Cash at bank and in hand	-	
	1,145	
Creditors (amounts falling due within one year)	(16)	
<b>Net Current Assets</b>		1,129
Total assets less current liabilities		1,307
Creditors (amounts falling due after more than one year)		
Provisions for liabilities and charges		0
		1,307
<b>Taxpayers' equity</b>		
General Fund		1,303
Revaluation reserve		4
		1,307

## 29. Date of authorisation of the Accounts

The Accounts were authorised to be issued on 11 July 2008.

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